



Daily Report

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Daily Report China

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General

Sports Contingent of Disabled Formed for Seoul Games *OW2208122688 Beijing XINHUA in English* 1132 GMT 22 Aug 88

[Text] Beijing, August 22 (XINHUA)—A 68-member Chinese sports contingent for the eighth Olympic Games for the disabled was officially formed, it was announced at a press briefing here today.

The contingent includes 43 athletes, who will compete in athletics, swimming, table tennis, shooting in the Olympic Games for the disabled slated for October 15 to 24 in Seoul, South Korea.

Since China became a member of the international sport organization for the disabled in 1984, disabled sports people from China have gained a total of 103 gold medals in participating in international competitions including 13 won in last Olympics for the disabled.

Some 5000 disabled sports people from 60 countries and regions have confirmed their participations in the games.

The United States will field the biggest sports delegation consisting of 600 athletes and officials for the games while the hosts South Korea will send 400 athletes.

International Symposium on Coastal Areas Opens *HK2308015388 Beijing RENMIN RIBAO in Chinese* 17 Aug 88 p 3

[Report by reporter Wang Xiyuan (3769 3305 0337): "International Symposium on Coastal Protection and Development Opens in Beijing"]

[Text] Beijing, 16 Aug (RENMIN RIBAO)—On the basis of successful completing comprehensive national research into coastlines and the resources of the sea, the Chinese International Symposium on Coastal Areas, is convened by the State Oceanography Bureau, opened here today. This is the first international coastal area symposium convened by China.

Academic discussion on coastal areas is a rather active topic in international circles. Since the 1960's the United Nations organizations concerned have been participating positively in activities concerning the development and management of coastal areas, and this conference has attracted attention from both domestic and foreign circles. Some 40 delegates from 14 countries and areas will attend the symposium and China will have 90 representatives. Experts will exchange views and discuss some 100 academic theses. They will visit Qinhuangdao and other areas for research.

Yan Hongmo, director of the State Oceanography Bureau of China, said at the opening meeting that in order to expand the cultivated area China had, over 30

years, produced nearly 1,000 mu of cultivated land in coastal areas by reclaiming from the sea. This practice has played a role in easing the contradiction whereby there are more people but less cultivated land in coastal areas. However, the gains in some areas cannot cover the losses and economic, environmental, and ecological damage which have resulted in other areas. The fishing and shipping industries in some areas have been damaged. From 1980 to 1987 China conducted a "comprehensive national research on coastal areas and resources from the sea." On the basis of this research and study the development and management of coastal areas has a more scientific basis. In fact, over the past 10 years China's oceanic industry has developed rapidly. Original oceanic industries such as shipping, harbor construction, shipbuilding, fishing, and the salt industries have been expanded and have implemented modernization reforms. Newly established oceanic industries such as off-shore oil, coastal tourism, marine breeding, and marine chemical industries have also flourished. Moreover, many large-scale enterprises such as steel mills, thermal and nuclear power stations, and the salt-chemical [yan hua gong 7770 0553 1560] and petrochemical enterprises have chosen coastal sites for development and construction.

International Trade Union Symposium Opens *OW2308120388 Beijing XINHUA in English* 1014 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Trade unionists from around the world gathered here today for an international symposium, the largest of its kind sponsored by the All-China Federation of Trade Unions (ACFTU) in recent years.

At the opening ceremony, Ni Zhifu, ACFTU president, said trade union development and employment are important issues worldwide since working people of many countries are plagued by poverty and unemployment.

"Therefore," he said, "to promote economic development and to increase employment have become immediate demands of all workers and trade unions."

Ni stressed a need to improve international cooperation and establish a fair and reasonable new international economic order.

"Trade unions of various countries are working hard to this end," he said.

Ni said Chinese trade unions are willing to work together with trade unions of all countries to promote economic development, increase employment, and bring progress to the international trade union movement.

Luo Gan, Chinese minister of labor, reminded the representatives, who came from 16 countries and regions, that there are 600 million people unemployed or underemployed and 900 million people living under the poverty line in the world today.

"There will be no real social justice and no guarantee of protracted stability and peace in the world unless problems of unemployment and poverty be solved," he said.

Delegate Scores South Africa's Apartheid Policy

OW2308083188 Beijing XINHUA in English
0641 GMT 23 Aug 88

[Text] Helsinki, August 22 (XINHUA)—Chinese Vice-Foreign Minister Qi Huaiyuan said today that Pretoria's apartheid policy is the root cause for southern Africa's problem of refugees and displaced persons.

Qi, who is heading the Chinese delegation to an international conference held in Oslo, said the refugee situation in southern Africa has drastically deteriorated. The number of refugees, returnees and displaced persons has gone up sharply with refugees reaching 1.1 Million and displaced persons approaching five million, he said.

Four hundred delegates from 80 countries, including state leaders and foreign ministers from southern African states, attended the three-day conference on southern Africa's problem of refugees and displaced persons sponsored by the United Nations, the Organization of African Unity and the Norwegian Foreign Ministry.

"Refugees and displaced persons in such a large number," Qi said, "have added an extremely heavy economic and social burden to the source and asylum countries alike, which has far exceeded their endurance."

The Chinese vice-foreign minister said, "The root cause for the current situation in southern Africa lies in the racist regime of South Africa and its evil policies."

He noted that Pretoria has obstinately clung to apartheid, practised the most brutal and barbarous racial oppression against the black people in South Africa and ruthlessly deprived them of their basic human rights and freedom.

He said South Africa authorities have attempted to perpetuate the illegal occupation of Namibia, imposed savage colonial rule on the Namibian people, and pursued a policy of destabilizing neighboring countries by carrying out continuous political threats, military harassment and economic sabotage against them, thus subjecting countries in southern Africa to constant wars, their people to disturbances and their economies to serious damage.

"All this has caused a drastic increase in the number of refugees and displaced persons in the region and worsened their situation," Qi said.

The Chinese delegation head said that to settle the refugee problem, its root cause, namely South Africa's apartheid system, must be abolished, its colonial rule in Namibia brought to an end, and its policy of sabotaging and subverting neighboring countries terminated.

He said a comprehensive settlement of problems in southern Africa must be achieved so as to bring peace and stability to the region.

The present international conference is expected to be trying to find ways of helping southern Africa's refugees and displaced persons and devise a grand plan for bringing relief to the region, particularly provision of support to countries hardest hit by the influx of them.

While speaking highly of the work done by countries with refugee problems and by the Organization of African Unity (OAU) in coordinating and supporting african countries to settle the refugee problem, Qi called for more international efforts in this aspect.

Regarding it as a duty for the international community to put an end to the refugee problem, Qi said it is necessary for the international community, the developed countries in particular, to provide them with more development assistance and adopt measures favorable to them on trade and debt issues so as to enhance their development capability fundamentally.

"The Chinese Government," he said, "will, as always, extend political and moral sympathy and support to the refugees in southern African without reservation."

About material assistance, the Chinese vice-foreign minister said, "We will make active contributions within the realm of our ability and discuss the matter with the OAU at an appropriate time."

Engineer To Join Antarctica Exploration Group

OW2208133788 Beijing XINHUA in English
1121 GMT 22 Aug 88

[Text] Beijing, August 22 (XINHUA)—Guo Xiaogang, a 39-year-old Beijing engineer, will become the first Chinese to travel the entire width of the Antarctic from west to east.

According to a tentative plan made by a group of explorers which also includes explorers from Japan, France, the Soviet Union, the United States and Britain, the explorers will set off from an observatory station in the Antarctic peninsular in Argentina.

They hope to reach the South Pole by December 1989 and their destination by May 1 1990, Guo told XINHUA today.

The journey to be undertaken by the six-man team will be 6,300 kilometers long.

"We will have to conquer the cold weather, ice blocks and bitter wind," Guo said, adding that the temperature in the places they have to go through once dropped to a record 88 degrees centigrade below zero.

French TV stations plan to broadcast the explorers [as received] three times during their eight-month trek, Guo said.

"Our equipment and provisions will be placed on some 30 dog sleighs and helicopters will also drop food for us," he said.

Guo, a 1977 graduate of Wuhan Institute of Geodesy, Photogrammetry and Cartography, is optimistic about the expedition.

"I am sure the exploration will help us to gather valuable scientific data," he said. "We will have to take many risks, perhaps even of death from cold and starvation."

"But we are sure that what we will do is for the good of the human race in its peaceful utilization of the Antarctic," he said.

Foreigners of Miao Origin in Guizhou Province

OW2208141088 Beijing XINHUA in English
1128 GMT 22 Aug 88

[Text] Guiyang, August 22 (XINHUA)—A number of foreigners with Miao-nationality ancestry are now visiting Guizhou Province, home to most members of this minority people.

The visitors, five in all, are headed by Dr. Yang Dao, chairman of the Miao People's Association in the U.S., and Ms. Lyfoung Lyxuxu, chairperson of the Miao People's Association in France.

Although they have lived abroad for many years they can still speak their mother tongue—the Miao language.

"We have been missing Guizhou very much so we have come back to trace our roots," Yang said. "And I hope the Miao people in other countries can increase their contacts with one another."

Of the 10 million Miao people in the world, about half live in China, and three million of them live in southwest China's Guizhou Province.

"Our compatriots can be found in Vietnam, Laos, Thailand, Kampuchea, France, England, the United States and Canada," Yang said.

Local authorities in charge of minority affairs invited the visitors for a talk with some noted Miao scholars and historians.

The Miao had no written language until the founding of New China in 1949, when the government sent linguists to help local people create one.

"Now many schools teach in both the Han and Miao languages," Pan Shihua, a local official in charge of developing minority languages, told the visitors.

Moreover, people of Miao nationality hold many important positions in local autonomous county, prefectural and even provincial governments. In fact, Governor of the Province Wang Chaowen is also of Miao nationality.

"We also have our own artists, scholars, professors, writers, singers, doctors, engineers and journalists," the official said.

The visitors presented their hosts with a French-Miao dictionary compiled by Yang Dao, a textbook for teaching Miao-speaking students and an American-publication about the Miao nationality.

Each of the visitors in turn received souvenirs, including a book about the history of the Miao nationality.

United States & Canada

Zhao Meets U.S. Bipartisan Delegation

OW2308124388 Beijing XINHUA in English
1221 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Chinese Communist Party leader Zhao Ziyang said here today that both the U.S. Republican and Democratic Parties have contributed to the development of Sino-U.S. relations.

"Both parties have taken a friendly attitude toward China," said Zhao, general secretary of the Chinese Communist Party Central Committee, at a meeting with U.S. bipartisan delegation which has been organized by the U.S. Center for Democracy.

The delegation is headed by Peter G. Kelly, chairman of the Board of the Center for Democracy and managing trustee of the 1988 Dukakis Victory Fund. Edward Rollins, former assistant to President Reagan, is the deputy head.

The U.S. Center of Democracy is composed of figures from both the Republican Party and the Democratic Party. The members of the delegation include officials and leading advisors from both parties and some entrepreneurs.

Kelly extended regards to Zhao on behalf of Michael Dukakis, the presidential nominee of the Democratic Party. Rollins conveyed to Zhao the regards of Vice-President George Bush. Zhao asked the delegation to convey his best regards to President Reagan, Vice-President Bush and Governor Dukakis.

"I believe that the delegation's visit to China will promote mutual understanding between China and U.S. and enhance their friendship," Zhao said.

He said that since the publication of the "Shanghai Communiqué" between China and the U.S. 16 years ago, bilateral relations have made marked progress. Richard Nixon, a Republican, opened the door for the development of the Sino-U.S. Relations. Jimmy Carter, a Democrat, made contributions to the establishment of diplomatic relations between the two countries, Zhao said.

The bipartisan delegation's visit to China in the election year indicates that both parties take a friendly attitude toward China, Zhao said.

He said that bilateral economic and trade relations have also made some progress. However, this is not commensurate with the status and potential of both countries. "Therefore, we cannot be content with the existing achievements. We should continue to work hard to tap our potential," he added.

Zhao said he hoped that the positive factors in the bilateral ties should be developed while the negative ones should be overcome.

Attending the meeting were Han Nianlong, president of the Chinese People's Institute of Foreign Affairs, and U.S. Ambassador to China Winston Lord.

Zhao Ziyang Meets University Guest Professor

OW2208085488 Beijing XINHUA in English
0820 GMT 22 Aug 88

[Text] Beijing, August 22 (XINHUA)—Zhao Ziyang, general secretary of the Chinese Communist Party Central Committee, met here today with James Ching-Nu hsiao, guest professor of economics at Yale University, U.S.A.

Professor Hsiao is in China for a lecture tour upon the joint invitation of the offices of Overseas Chinese Affairs of the State Council and of Hunan Province.

NPC Vice Chairman Meets U.S. Congressman

OW2308105588 Beijing XINHUA in English
0825 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Liao Hansheng, vice chairman of China's National People's Congress (NPC) Standing Committee, today discussed bilateral relations and other issues with Stephen J. Solarz, chairman of the Sub-committee of Asian-Pacific Affairs of the Foreign Affairs Committee of the House of Representatives of the United States.

Solarz and his colleagues are here as guests of the NPC Foreign Affairs Committee.

Olympics Official Presented U.S. Award

OW2208121488 Beijing XINHUA in English
0935 GMT 22 Aug 88

[Text] Beijing, August 21 (XINHUA)—President Li Menghua of the Chinese Olympic Committee was presented with the United States Sports Academy's distinguished service award here today.

Li received the award from the Academy President Dr. Thomas Rosandich. He was the third to be such awarded this year.

In the awarding ceremony today, Rosandich highly praised Li for his noteworthy contribution to the international sports while Li owed the honour to all those who have made countless efforts to promote sports in the country.

The United States sports Academy began to confer the award in 1979.

Shanxi Trade Exhibition Opens in New York

OW2308082788 Beijing XINHUA in English
0704 GMT 23 Aug 88

[Text] New York, August 22 (XINHUA)—China's Shanxi Province opened an export commodities exhibition in New York City today.

The exhibition, held at the exhibition hall of China United Trading Corp., is displaying goods presented by 16 trading corporations from the Chinese province.

The exhibits include foods, mineral products, chemicals, textiles, light tools and other metal products, animal products, and handicrafts.

The exhibition will close on September 2.

Sino-U.S. Contact Lens Operation Opens

OW2208190188 Beijing XINHUA in English
1417 GMT 22 Aug 88

[Text] Beijing, August 22 (XINHUA)—Chinese people will soon be able to buy the most sophisticated contact lens following the formal opening today of the Sino-American Beijing Contact Lens Ltd.

The operation, the biggest of its kind in China, is a joint venture between Beijing 608 factory and Bausch and Lomb (U.S.A.) China Inc. The American side has invested three million U.S. dollars. The new operation will produce 500,000 Bausch and Lomb contact lens annually and solution for both the international and domestic markets.

China started producing contact lens in the early 60s, and now it has four major contact lens producers. However they do not have the technology to produce sufficiently thin lenses. The new operation will use

spincasting technique and produce 0.035mm-thick—the thinnest contact lens in the world. The company claims that people will be able to get used to the lenses within minutes.

The contact lenses, which will retail at 75 yuan per pair, will be "exactly the same in quality with any lens we produce in other countries," said Ronald L. Zarrella, senior vice president of Bausch and Lomb International, and vice chairman of the joint venture.

U.S. Ambassador to China Winston Lord attended today's opening ceremony.

CITIC, Colorado Sign Cooperation Pact
HK2208150988 Beijing CEI Database in English
22 Aug 88

[Text] Beijing (CEI)—A cooperation agreement was signed here on August 19 by Rong Yiren, chairman of the China International Trust and Investment Corporation (CITIC), and Roy Romer, governor of Colorado State [as received] in the United States.

According to the document, Colorado will provide favorable conditions and assistance for CITIC to establish a presence in the state to increase two-way investment and mutual cooperation with the both state and private industries.

CITIC in turn will assist Colorado industries in their efforts to initiate and develop closer business relations with the Chinese government and industrial entities.

Parker Hubei Seal Company Increases Profits
OW2008090188 Beijing XINHUA in English
0623 GMT 20 Aug 88

[Text] Wuhan, August 20 (XINHUA)—The Parker Hubei Seal Co., Ltd., the first Sino-American joint venture in central China's Hubei Province, saw a big rise in production and profits this year, the company's vice-general manager reported.

As of the end of July, the company exported 270,000 U.S. dollars worth of goods and sold 1.15 million yuan (311,000 U.S. dollars) worth of goods on the domestic market, two and 1.6 times more respectively than the same 1987 period, said Vice-General Manager Cai Guoning.

The company, a joint venture between the Hubei Provincial Automobile Industry corporation and the U.S.-based Parker Hannifin Corporation is operating under a strict management system, Cai explained, adding the firm fires those who did not abide by company's regulations, compensates workers according to their work performance, and offers more bonuses to competent workers.

The joint venture develops new products in line with market demands, Cai added, and the company's new energy-saving products have earned an additional 450,000 yuan (121,600 U.S. dollars) this year.

Cai also said, if materials arrive from the American corporation on time, the company will pull in profits of more than 300,000 yuan (81,100 U.S. dollars).

Song Jian Opens Canadian-Assisted Center
OW2208002288 Beijing XINHUA Domestic Service
in Chinese 1216 GMT 20 Aug 88

[By reporter Liu Haimin]

[Text] Qingdao, 20 Aug (XINHUA)—The Sino-Canadian Seawater Aquiculture Research and Training Center was completed today in Qingdao, an important base for oceanographic research in China. The training center was built by the Huanghai Fisheries Institute of the Chinese Academy of Fisheries with financial assistance from the Canadian International Development Research Center. Present at the unveiling ceremony were Song Jian, state councillor and minister in charge of the State Science and Technology Commission, and (Ivan Haid), president of the Canadian International Development Research Center. Both made a special trip from Beijing to Qingdao to attend the ceremony.

The Sino-Canadian Seawater Aquiculture Research and Training Center is the first international seawater aquiculture research and training center built in China in accordance with a joint proposal made by Minister Song Jian and Mr (Ivan Haid) when Song visited Canada 3 years ago. Its purpose is to develop long-term Sino-Canadian cooperation in fishery research, personnel training, and exchange of technical data, and to use the results of the joint research to provide technical training to developing countries.

With the aim of helping scientists in developing countries enhance their research ability and improve the people's living standards, the Canadian International Development Research Center since 1980 has provided effective assistance to their scientific and technological undertakings. It has provided financial assistance to China's 70 research projects in the fields of agriculture, forestry, food, medical care, and information science. Gratifying achievements have been made in research on tung tree, bamboo, and freshwater fish breeding.

Ambassador Opens Pavilion at Vancouver Fair
OW2308010388 Beijing XINHUA Domestic Service
in Chinese 1141 GMT 21 Aug 88

[By Reporter Cai Shuqi]

[Excerpts] Vancouver, 20 Aug (XINHUA)—The Pacific Fair, an annual gala event, opened in Vancouver, a city on the Canadian west coast, this morning, following a 2-hour pageant with "Salute to China" as the theme. [passage omitted]

At 1400, an opening ceremony was held at the Chinese Pavilion. Chinese Ambassador to Canada Zhang Wenpu and Premier of British Columbia Vander Zalm cut ribbons at the ceremony. [passage omitted]

Vancouver is a major city on the west coast of North America, where Chinese live in a compact community. Reportedly, there are about 150,000 Chinese inhabitants in Vancouver, and the number is still growing. Friendship, economic, and trade ties between China and Canada have developed rapidly in recent years. China's open policy and Canada's policy of attaching importance to developing relations with Asian-Pacific countries have accelerated the friendly ties in all fields. China's participation in the Pacific Fair and its China theme are evidence of profound friendship between the two countries.

Northeast Asia

Japan's Prime Minister Takeshita To Visit

Visit Announced

HK2308050788 Beijing ZHONGGUO XINWEN SHE
in Chinese 1330 GMT 22 Aug 88

[Report by Yang Guoguang (2799 0948 0342): "A Japanese Official Says that Prime Minister Takeshita's Visit to China Is of Great Significance"]

[Text] Tokyo, 22 Aug (ZHONGGUO XINWEN SHE)—A senior official from the Japanese Foreign Ministry told reporters this afternoon that Japanese Prime Minister Noburo Takeshita and his wife Naoko would pay a visit to China from 25 to 30 August. This year marks the 10th anniversary of the signing of the Sino-Japanese Treaty of Peace and Friendship and the 16th anniversary of the resumption of diplomatic relations between the two countries. Prime Minister Takeshita's visit to China at this moment is of great significance and we have hopes and expectations for it.

He said: Since taking office 9 months ago, Prime Minister Takeshita has consistently attached importance to the development of Sino-Japanese relations. He has spoken highly of the reform and the open policy pushed forward by the Chinese Government and is ready to do what he can to cooperate with China's modernization program.

It was learned that during his visit to China Takeshita will meet with Chinese leaders and exchange views on relations between the two countries and other issues. Ikuo Hirayama, professor at Tokyo Arts University and a noted Japanese painter, and others will accompany Prime Minister Takeshita on this visit.

Takeshita To Seek Closer Ties

OW2208162288 Beijing XINHUA in English
1354 GMT 22 Aug 88

[By Tan Janrong]

[Text] Tokyo, August 22 (XINHUA)—Prime Minister Noboru Takeshita wants to seek closer relations with Beijing through his coming China visit which he hopes will mark a new era of bilateral friendship, a Foreign Ministry official said today.

Takeshita will hold talks with his Chinese counterpart Li Peng, Communist Party General Secretary Zhao Ziyang and senior leader Deng Xiaoping on both bilateral and international issues during his six-day visit starting Thursday, the official said in a background briefing for Chinese reporters.

Takeshita will make it clear that the Japanese Government welcomes China's reforms and open-door policy and pledge to the Chinese leaders that his government will help China with its modernization efforts as much as possible, the official said.

The official said Takeshita will reveal the governmental plan to extend between 700 to 800 billion yen (about 6 billion U.S. dollars) in loans to China under the third yen loan program, covering fiscal 1990-1995.

The prime minister will also pledge Japan's efforts to help China preserve Buddhist cultural properties in Dunhuang, an ancient city on the well-known "Silk Road" in China's northwestern region, the official said.

He will visit Dunhuang during his China tour to see cultural remains there, becoming the first foreign leader to visit the place.

Takeshita has been attaching great importance to Sino-Japanese relations since he assumed power last October, the official said and adding, his visit to China at this time is also of great significance as this year marks the 10th anniversary of a peace and friendship treaty between the two countries.

The Takeshita government regards it as one of Tokyo's most important foreign policy pillars to maintain and develop friendly and stable ties with Beijing, government sources said.

The expansion of friendly and cooperative relations between China and Japan will contribute to peace and stability not only for Asia but also for the world as a whole, the sources added.

Interview on Visit

OW2308111588 Beijing XINHUA in English
1023 GMT 23 Aug 88

[Text] Tokyo, August 23 (XINHUA)—Japanese Prime Minister Noboru Takeshita stressed here today it is one of Japan's most important foreign policy pillars to maintain and develop friendship with China.

He said the existence of good Beijing-Tokyo relations will contribute to peace and prosperity not only for Asia but also for the world as a whole.

In an interview with a group of Tokyo-based Chinese reporters prior to his visit to China, set to begin Thursday, Takeshita said he wants to deepen mutual understanding and trust with Chinese leaders by having heart-to-heart talks with them during his six-day visit.

The prime minister's China trip comes at a time when the two countries commemorate the 10th anniversary of the signing of a peace and friendship treaty.

Remarkable progress has been made since the normalization of diplomatic relations between Beijing and Tokyo, Takeshita said. He hoped his visit will further strengthen the basis for developing the already good Sino-Japanese relations.

He said he will seek ways to expand Japan's cultural exchanges with China, which has a history of 2,000 years, and pledge Japan's efforts to help China preserve Buddhist cultural properties in Dunhuang, an ancient city on the well-known "Silk Road" in northwestern China.

He will visit Dunhuang during his stay in China to see cultural remains there, to become the first foreign leader to visit the city.

Takeshita Meets S. Korean Politician Kim Yong-sam

OW2208171688 Beijing XINHUA in English
1425 GMT 22 Aug 88

[Text] Tokyo, August 22 (XINHUA)—South Korean opposition leader Kim Young-sam [words indistinct] on Japanese Prime Minister Takeshita to support his proposal for holding a Northeast Asian parliamentary conference, the KYODO news service reported.

During a 15-minute meeting with Takeshita, the president of South Korea's No 2 opposition party, the Reunification Democratic Party, also urged the prime minister to work out measures to improve the legal status of Koreans living in Japan.

Kim proposed last week holding an international conference of parliamentarians from the Democratic People's Republic of Korea, South Korea, China, Japan, the United States and the Soviet Union.

Takeshita promised Kim that he would give favorable consideration to the suggestion, KYODO quoted a Foreign Ministry official as saying.

Later in the day, Kim told Japan Socialist Party (JSP) leader Takako Doi that he will do all he can to enable her to visit Seoul as early as possible, according to the news service.

Kim, however, called on the largest opposition party to deepen its understanding of South Korea and criticized it for its completely pro-Pyongyang policy, KYODO said, quoting JSP officials.

Kim arrived here last Wednesday for a week-long visit to Japan to exchange views with leaders of both ruling and opposition parties.

Yang Dezhi Unveils Joint Venture With Japan

OW2208142688 Beijing XINHUA in English
1221 GMT 22 Aug 88

[Text] Beijing, August 22 (XINHUA)—A new joint venture between Chinese and Japanese firms started business at an opening ceremony here today.

The Sino-Japanese Josei Electronic System Inc. will provide sensing units, software technology and various kinds of electronic products. Funded by the Great Wall Scientific Instrument Factory under the Chinese Ministry of Aero-Space Industry and the Seidensha Co. Ltd. of Japan, the company will also supply the coal, oil and light industries and transportation with automatic electronic testing and monitoring systems.

Yang Dezhi, member of the Standing Committee of the Central Advisory Commission of the Chinese Communist Party, unveiled the firm signboard.

CPPCC's Yang Jingren Meets DPRK Visitors

OW2308112488 Beijing XINHUA in English
1058 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Yang Jingren, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference, discussed here today friendly relations between China and the Democratic People's Republic of Korea with a delegation from the DPRK's Democratic Front for the Reunification of the Fatherland.

The delegation is led by Yo Ho-hun, secretary-general of the Secretariate of the Central Committee of the front.

The Korean visitors have been here as guests of the CPPCC National Committee.

Southeast Asia & Pacific

'Large-Scale' Demonstrations Held in Burma *OW2208175588 Beijing XINHUA in English* 1738 GMT 22 Aug 88

[Text] Rangoon, August 22 (XINHUA)—A large-scale demonstration with about 200,000 participants was staged in Burma's capital city of Rangoon today.

Starting with over 10,000 people this morning, the demonstration snowballed to a mammoth one with 200,000 people taking part in it this afternoon.

The demonstrators included students, workers, residents, monks, doctors, lawyers, writers, artists and famous film stars.

The demonstration was the biggest one since Dr. Maung Maung assumed the posts of chairman of the ruling Burma Socialist Program party and president of the country on August 19.

The security army did not open fire at the demonstrators. Part of the demonstrators dispersed at about 6:00 (local time) this afternoon.

Holding aloft national flags, students union flags, posters and General Aung San's portraits, the demonstrators shouted slogans demanding the release of all detainees during recent demonstrations, the introduction of democracy and multi-party system, and the setting up of a caretaker government.

Meanwhile, according to well-informed sources, hundreds of thousands of people including policemen and government functionaries, housewives and children, held a peaceful demonstration today in mandalay, the country's second biggest city.

It was learned that demonstrations also took place in Pyinmana, near Mandalay and Tavoy, a city in south Burma and also in some other townships.

No disturbances were reported today.

The Bar Council of Burma, the Burma Medical Association, Writers and Artists Committee and teachers of universities had recently issued their separate announcements or requests viewed as support to the demonstrations.

The state radio did not report today's demonstrations. However, it reported that the commission for ascertaining the desires and aspirations of the people in an announcement requested the people to convey their demands for multi-party system, economic affairs and forming students union, etc, to the commission on political affairs.

The commission was formed at the emergency session of the People's Congress on August 19.

The state radio also said that 100 more detainees in Rangoon were released today. So far, 518 persons have been released.

XINHUA Notes SRV Soldiers Killed in July *OW2208122888 Beijing XINHUA in English* 0954 GMT 22 Aug 88

[Text] Bangkok, August 22 (XINHUA)—At least 62 Vietnamese were killed and 31 others wounded by the Sihanoukian National Army (ANS) in Kampuchea in July, according to the latest "FORTNIGHTLY NEWS" of the ANS.

The ANS carried out 16 operations during the month in the provinces of Oddor Meanchey, Siem Reap, Kampong Thom, Kampong Cham and Battambang.

The biggest attack took place on July 19 when ANS soldiers from the 5th Brigade ambushed two trucks with Vietnamese soldiers on board near Thipadey Village, Pourk District, Siem Reap Province.

30 Vietnamese were killed and three others wounded, and the two trucks destroyed. The fighting only lasted five minutes.

Other operations were on a small scale during which only less than five Vietnamese soldiers were killed or wounded.

ANS is one of the armed forces under the tripartite Coalition Government of Democratic Kampuchea which is leading the war against Vietnamese aggression.

Acrobatic Troupe Leaves for Indonesia 19 Aug *BK1908103588 Beijing International Service* in Indonesian 0830 GMT 19 Aug 88

[Text] At the invitation of the Indonesian Society for the Blind, the Shenyang Acrobatic Troupe, headed by Wu Chunde, deputy secretary general of the China Institute for Cultural Exchange with Foreign Countries, today left Beijing for a series of performances in Indonesia.

The 60-member acrobatic troupe will arrive in Jakarta tomorrow afternoon after a stopover in Singapore. They will perform charity shows in Jakarta for the Indonesian Society for the Blind for more than a month. The premiere will be held on 23 August. For this visit to Indonesia, the troupe has prepared more than 20 interesting programs.

Coal Mine Agreement Signed With Philippines

HK2208145588 Beijing CEI Database in English
22 Aug 88

[Text] Beijing (CEI)—China will co-operate with the Philippines in developing the Polillo coal mine in the island country, according to an agreement signed recently.

Located in the Polillo Island of the Philippines, the mine will be developed jointly by the China National Coal Import and Export Corporation, the Xuzhou Colliery and a Philippine mining company during 1989-1991. China will provide technology, coal mining equipment and be in charge of the management of the whole mine.

NPC Delegation Attends Meeting in Australia

OW2208163488 Beijing XINHUA in English
1435 GMT 22 Aug 88

[Text] Canberra, August 22 (XINHUA)—Visiting Chinese delegation of the National People's Congress (NPC) today attended the first federal parliamentary session in the new Parliament House in Canberra.

A formal ceremony marking the event was held in the Great Hall of the new Parliament House. It was attended by about 1,000 people including Australia's Governor-General Sir Ninian Stephen, Federal Prime Minister Bob Hawke as well as 11 foreign parliamentary delegations.

Sun Qimeng, vice-chairman of the Standing Committee of the NPC and Chairman of the Central Committee of China Democratic Construction Association, and Fu Hao, member of the Standing Committee of the NPC and vice-chairman of the Foreign Affairs Committee of the NPC were in visitors' seats during the first debate of the House of Representatives in the new Parliament House.

Today, they also called on Governor-General Stephen, Prime Minister Hawke and leader of the National Party Ian Sinclair.

The seven-member Chinese delegation led by Sun Qimeng arrived in Australia on August 20 after a six-day tour in New Zealand. During the week-long stay here, the delegation will visit Australia's major cities including Canberra, Sydney, Melbourne and Brisbane. Australia's new Parliament House was opened by Queen Elizabeth II on May 9, this year. It had taken Australia 87 years and over 1 billion Australian dollars (more than 800 million U.S. dollars) to finally have a permanent home for the Australian Parliament.

Sister City Ties Established With Australian City

OW2108122388 Beijing XINHUA in English
0750 GMT 21 Aug 88

[Text] Canberra, August 21 (XINHUA)—China's southwestern city of Kunming and Wagga Wagga in New South Wales of Australia have established sister-city relationship.

It is the ninth sister-city relationship established between China and Australia since diplomatic relations between the two countries were established in 1972.

A signing ceremony marking the event took place Saturday in Wagga Wagga, a city of 50,000 population located about 250 kilometers west of Canberra.

The agreement of establishing sister-city relationship was signed by Acting Mayor of Kunming Wang Rencai and Mayor of Wagga Wagga Rowland Harris.

The two mayors expressed the hope at the ceremony that the two cities would expand cooperations in various fields including those of economy, trade, education and culture.

Meanwhile, a camellia garden in Wagga Wagga jointly established by the two cities as a symbol of friendship was formally opened. During the construction of the Camellia Garden, Kunming has provided many species of camellias.

Among the 300 people present at both occasions were Chinese Ambassador to Australia Zhang Zai and Governor of New South Wales Sir James Rowland.

Near East & South Asia

Arab League Delegation Arrives for Talks on Gulf

LD2208133988 Kuwait KUNA in English 0944 GMT
22 Aug 88

[Text] Beijing, Aug 22 (KUNA)—A team representing the Arab-League seven-man committee on the Gulf War arrived in Beijing Monday for talks with the Chinese leaders on the latest developments in the Gulf Region, the Chinese news agency XINHUA reported.

The team, headed by Kuwait's Deputy Premier and Foreign Minister Shaykh Sabah al-Ahmad, includes Iraqi State Minister for Foreign Affairs Sa'dun Hammadi and other Kuwaiti and Iraqi officials.

The delegation will explain to the Chinese side the "position of the seven-man committee on the ceasefire between Iran and Iraq," XINHUA said.

Shaykh Al-Sabah told reporters at the airport the delegation has been assigned by the Arab League's ministerial committee on the Gulf war to outline to the Chinese leaders how peace is envisaged to take place between Iran and Iraq after their long and bloody war.

He hoped the two warring countries would reach lasting and all-round peace which would engulf the whole region.

Al-Sabah and Hammadi visited Moscow earlier this month on a similar mission as other representatives of the seven-man committee had earlier visited the other three permanent members of the UN Security Council.

The committee which brings together the league's secretary general with the foreign ministers of Kuwait, Saudi Arabia, Jordan, the Yemen Arab Republic, Tunisia, Morocco and Iraq, was set up in 1984 to pursue a peaceful settlement of the Gulf War.

It has since been trying to do so through continuous contacts with the permanent members of the Security Council.

A UN-ordered ceasefire went into effect between Iran and Iraq last Friday to be followed by direct peace talks in Geneva Thursday between the two warring nations.

The Arab League committee will in the meantime continue to seek international support for the long-awaited peaceful settlement as Iran and Iraq are expected to grill each other in the negotiations over long standing disputes and war related problems.

Meets Yang Shangkun

HK2308091288 Beijing ZHONGGUO XINWEN SHE
in Chinese 0723 GMT 23 Aug 88

[Report: "Yang Shangkun Says China Will Continue To Do Its Utmost for the Implementation of UN Security Council Resolution 598"]

[Text] Beijing, 23 Aug (ZHONGGUO XINWEN SHE)—State President Yang Shangkun said here this morning that China will continue to join hands with the international community to make the greatest efforts for the full implementation of UN Security Council Resolution 598.

Yang Shangkun made this statement when he met with a delegation of the 7-nation committee of the Arab League headed by Sabah, deputy prime minister and foreign minister of Kuwait. Yang Shangkun said that he hoped Iran and Iraq will continue to maintain the spirit of mutual understanding and accommodation and realize peace at an early date on the basis of UN Security Council Resolution 598.

Sabah briefed Yang Shangkun on the position of the 7-nation committee of the Arab League on realizing peace in the Gulf and implementing Resolution 598. He stressed that it is their hope to see the realization of lasting peace in the Gulf region.

Hammadi, the Iraqi minister of state for foreign affairs, told Yang Shangkun that Iraq will participate in the Geneva talks with a spirit of understanding, patience, and the principles of UN Security Council Resolution 598.

The 45-minute meeting was held in the Fujian Hall of the Great Hall of the People.

Relations Discussed With Qian Qichen

HK2308085688 Beijing ZHONGGUO XINWEN SHE
in Chinese 0722 GMT 23 Aug 88

[Report: "Qian Qichen Says There Will Be Bright Prospects for China's Economic Cooperation With the Gulf Region Following the Iran-Iraq Ceasefire"]

[Text] Beijing, 23 Aug (ZHONGGUO XINWEN SHE)—Chinese Foreign Minister Qian Qichen this morning stressed that China is a friend of the Arab nations and that there will be broader prospects for China's economic cooperation with the Gulf region after Iran and Iraq reach a truce.

Qian Qichen also said that the Chinese Government supports the current position of the Arab League of not only prompting Iran and Iraq to realize a truce but also maintain lasting peace. He added that China will also make efforts for this objective.

Qian Qichen made these remarks when meeting with the delegation of the 7-nation committee of the Arab League headed by Sabah, deputy prime minister and foreign minister of Kuwait.

During the meeting, Qian Qichen summarized the current international situation into the following points: Seeking detente through dialogue and striving for peace and development. This is the general trend in the contemporary world.

When talking about the position of the 7-nation committee of the Arab League, Sabah said that it is their hope that after the Iran-Iraq cease-fire, UN Security Council Resolution 598 will be fully implemented and lasting peace will be realized in the Gulf region.

Hammadi, a member of the delegation and Iraqi minister of state for foreign affairs, said that relations between Iraq and China are very good. It is his hope that such good relations will be maintained and developed following the end of the Iran-Iraq war.

The delegation of the 7-nation committee of the Arab League arrived in Beijing yesterday afternoon for a 2-day visit to China at the invitation of the Chinese Government.

Holds Talks With Wu Xueqian

OW2308135988 Beijing XINHUA in English
1337 GMT 23 Aug 88

[Text] Beijing, August 23 (XINHUA)—Chinese Vice-Premier Wu Xueqian said here today that China hopes Iran and Iraq would recover their economies after the ceasefire.

He said this at a meeting with a delegation from the seven-nation committee of the Arab League led by Sabah al-Ahmad al-Sabah, deputy prime minister and foreign minister of Kuwait.

"China is willing to cooperate with Iran and Iraq and will support whatever conducive to a lasting and just peace between the two countries," Wu said.

Al-Sabah said that his delegation hopes that China will continue to make efforts for the realization of a lasting peace in the Gulf region.

Sa'dun Hammadi, member of the visiting delegation and Iraqi minister of state for foreign affairs, said that Iraq will spare no efforts for the success of the Geneva talks and a complete settlement of all disputes with Iran. "Iraq hopes to see a lasting peace in the Gulf region," he said.

Wu said that the Chinese Government and people had followed closely with the Iran-Iraq war, adding that from the beginning of the war, China hoped the two sides would solve their disputes through negotiations.

He said that China will be pleased to see a lasting, just and all-round peace between Iran and Iraq.

Syrian Parliament Speaker Continues Visit

At Luncheon Hosted by Wan Li

JN2208065488 Damascus Domestic Service
in Arabic 0415 GMT 22 Aug 88

[Text] Beijing—People's Assembly Speaker Comrade 'Abd al-Qadir Qaddurah has affirmed that since the outbreak of the corrective movement under the leadership of President Hafiz al-Asad, Syria—president, people, and party—stands against all imperialist and Zionist plots supported by the United States. He also said that Syria confronts all schemes, threats, and all forms of encirclement and accusations because Syria is struggling for the sake of a just cause, which is the cause of the Palestinian Arab people. In an address during a luncheon banquet hosted in his honor by Comrade Wan Li, chairman of the Standing Committee of the Chinese National People's Congress and member of the CPC Politburo, Comrade Qaddurah said the brave and wise

leadership of Comrade struggler Hafiz al-Asad—and thanks to the rallying of the masses of our people, their Progressive National Front, and our party around this leadership—had a major role in toppling the schemes and plots concocted and being concocted by the world imperialism and its ally, Israel.

Comrade Qaddurah added: This constant policy under President Hafiz al-Asad will continue to be capable of toppling all attempts at conspiracy, hegemony, and domination. He said this policy will also be the march to liberation and the establishment of peace. Comrade Qaddurah affirmed that the just peace sought by our Arab people could be achieved through an effective and empowered international peace conference under the auspices of the United Nations and with the attendance of all parties concerned. He said such a conference should be based on the complete Israeli withdrawal from all the occupied Arab territories and the guaranteeing of the Palestinian Arab people's legitimate rights.

Comrade Qaddurah said: As a progressive faction and a basic part of the the world movement of liberation, Syria under President Hafiz al-Asad stands alongside the nationalist movements of liberation in the world. He said Syria had an active role in the Nonaligned Movement and struggle within its ranks.

In his address, Comrade Qaddurah referred to the strong friendship between Syria and China—friendship which affirms the unity of struggle for the sake of progress, freedom, and peace.

Earlier, Comrade Wan Li delivered a welcoming speech in which he talked about the sentiments of amity and brotherly friendship between Syria and China—peoples, councils, and parties. He greeted President Hafiz al-Asad and his important role. Comrade Wan Li affirmed that the Chinese people always sympathize with and support the Arab people's causes and support the Arab nation's just struggle against the Israeli aggression and expansion. He affirmed his country's support for the achievement of a just, comprehensive solution to the situation in the Middle East through the convening of an international conference under the UN auspices.

Comrade Wan Li explained that the arbitrary Zionist policy and savage repression exercised by the occupation authorities against the Palestinian people in the occupied territories have led to the continuation of tension and turmoil in the Middle East.

Meets With Wu Xueqian

JN2208190588 Damascus Television Service
in Arabic 1730 GMT 22 Aug 88

[Text] People's Assembly Speaker 'Abd al-Qadir Qaddurah today conferred with Wu Xueqian, PRC vice premier. During the meeting, the Chinese side emphasized that there can be no Mideast solution except through a

powerful international conference to ensure Israeli withdrawal from all occupied Arab land and the Palestinian Arab people's legitimate rights.

Qaddurah expressed appreciation for the stand of the people and Government of the PRC on the just causes of peoples, notably the Palestinian cause. He explained Syria's role, led by struggler President Hafiz al-Asad, in confronting imperialist and Zionist schemes and in working to achieve a balance with the Zionist enemy to deter aggression. The People's Assembly speaker then discussed Syria's constant principles on all international issues.

At Dinner Hosted by Li Ximing

OW2208142788 Beijing XINHUA in English
1351 GMT 22 Aug 88

[Text] Beijing, August 22 (XINHUA)—Chinese Vice-Premier Wu Xueqian said here today that the trend at present is to solve international problems by political means.

He made the remarks in connection with the Afghan and Iran-Iraq issues to the visiting president of the Syrian People's Assembly, 'Abd al-Qadir Qaddurah, and his party.

He said that if the Arab countries really unite, there is great hope for the political settlement of the Middle East issue, adding that the key point for the settlement of the issue is that Israel completely renounces its policy of aggression and expansion and recognizes all the legitimate rights of the Palestinian people.

Qaddurah condemned the policy of Israeli aggression and hegemonism, saying that without restoring the legitimate rights of the Palestinian people there can never be real peace in the region.

The two sides also exchanged views on the relations between China and Syria and expressed the willingness to make further efforts to strengthen and expand the existing bilateral friendly relations.

Li Ximing, member of the Political Bureau of the Chinese Communist Party Central Committee, met and feted the Syrian guests this evening. Last year he went on a visit to Syria.

In the morning, the Syrian guests visited the Beijing steel complex.

Qian Qichen Hosts Banquet

BK2208134788 Dhaka Overseas Service in English
1230 GMT 22 Aug 88

[Text] Foreign Minister Humayun Rashid Chowdhury, now in China, has said Bangladesh hopes that the mutually beneficial cooperation in various fields with China will be a contributory factor in promoting peace

and stability in the region and in the world at large. He was speaking at a banquet in Beijing on Sunday [21 August] given in his honor by the Chinese foreign minister, Qian Qichen.

Mr Chowdhury noted that certain new developments in the relationship between the two superpowers have taken place recently with perhaps beneficial international and regional implications.

Referring to the process of withdrawal of troops from Afghanistan, he hoped the Afghan situation will be normalized, allowing the Afghan refugees to return to their homes and installing a government of the choice of the Afghan people. The international situation today, he however said, is still far from reassuring, with situations of conflict continuing in the Middle East, Cambodia, and southern Africa. The Bangladesh foreign minister also stressed the need for meaningful dialogue between North and South on realistic cooperation and conciliation.

Earlier, the Chinese foreign minister said China will steadfastly adhere to its independent foreign policy of peace and is ready to join efforts with Bangladesh and all other peace-loving countries to work for the relaxation of international tension and maintenance of peace in Asia and the world.

Bangladesh's Chowdhury Meets Leaders, Sihanouk

Meets With Qian Qichen

OW2208142588 Beijing XINHUA in English
1405 GMT 22 Aug 88

[Text] Beijing, August 22 (XINHUA)—Chinese Foreign Minister Qian Qichen and the visiting Bangladesh Foreign Minister Humayun Rashid Chowdhury held talks here today.

Chowdhury expressed the hope that Chinese President Yang Shangkun and Premier Li Peng would visit Bangladesh in the near future.

Qian asked Chowdhury to convey Chinese leaders' regards to President Hussain Mohammad Ershad. He said that Yang Shangkun and Li Peng have accepted the invitation with pleasure.

The two foreign ministers exchanged views on the development of the Sino-Bangladesh relations and international issues of common concern.

Holds Talks With Prince Sihanouk

BK2308040188 Dhaka Domestic Service in English
0110 GMT 23 Aug 88

[Text] Bangladesh and China have discussed the whole gamut of bilateral relations, including regional and international issues. Foreign Minister Humayun Rashid

Chowdhury led the Bangladesh side, while his Chinese counterpart Qian Qichen headed his country's delegation at the talks which were held in Beijing yesterday. The two sides agreed in principle to establish a joint venture urea plant in Bangladesh. It was also agreed that Bangladesh should export more urea to China to improve the balance of trade between the two countries.

The two sides agreed to start annual consultations between the two foreign ministers to devise ways and means for further consolidation of bilateral relations. The Chinese foreign minister will visit Dhaka next year to start the process.

Meanwhile, Mr Chowdhury had a luncheon meeting with Kampuchean leader Prince Norodom Sihanouk in Beijing yesterday. During the meeting, Prince Sihanouk expressed his gratitude to Bangladesh for its principled stand on Kampuchea.

Feted by Wu Xueqian

OW2208143188 Beijing XINHUA in English
1401 GMT 22 Aug 88

[Text] Beijing, August 22 (XINHUA)—Chinese Vice-Premier Wu Xueqian met and feted here today the visiting Bangladesh Foreign Minister Humayun Rasheed Chowdhury and his party.

Meets Zhao Ziyang

HK2308140888 Beijing ZHONGGUO XINWEN SHE
in Chinese 1255 GMT 23 Aug 88

[Report: "Zhao Ziyang Reiterates That China Will Continue To Support South Asian Nations in Safeguarding Independence and Sovereignty"]

[Text] Beijing, 23 Aug (ZHONGGUO XINWEN SHE)—CPC Central Committee General Secretary Zhao Ziyang this afternoon reiterated that China will continue to support the just position of the South Asian nations in safeguarding their independence, state sovereignty, and territorial integrity.

During a 50-minute talk with Chowdhury, the Bangladesh foreign minister, Zhao Ziyang stressed that China hopes to see peace and stability and continuing economic development in the South Asian region, and peaceful coexistence among the South Asian nations and the development of friendly and good-neighborly relations among them.

Zhao Ziyang expressed his satisfaction at the smooth development of relations between China and Bangladesh. He praised Bangladesh for pursuing an independent and nonaligned foreign policy and for playing a positive role in strengthening regional cooperation in South Asia. He also thanked Bangladesh for its support to China and its cooperation with China in international affairs.

Chowdhury told Zhao Ziyang that he and the Chinese foreign minister had conducted "very useful talks" on bilateral relations and international issues of common interest. President Ershad particularly asked him to convey his regards to Zhao Ziyang and his congratulations on the 84th birthday of Deng Xiaoping. The president also expressed the hope that the Chinese leaders would visit Bangladesh at an early date.

Ni Zhifu Meets Indian Labor Delegation

OW2108144188 Beijing XINHUA in English
1353 GMT 21 Aug 88

[Text] Beijing, August 21 (XINHUA)—Ni Zhifu, president of the All-China Federation of Trade Unions, met here today with a delegation from the Indian Labor Association.

The delegation is headed by Kamala Sinha, president of the association.

The two sides exchanged views on the further development of the relations between the trade unions in both countries.

The Indian guests arrived in Guangzhou August 10 at the invitation of the All-China Federation of Trade Unions. They visited some cities in east China before coming to Beijing.

LIAOWANG Examines Afghan Situation

HK2208022788 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 33, 15 Aug 88 pp 24-25

[Article by Ma Guang (7456 0342) and Ge Xiangwen (5514 4161 2429): "The Changing Situation in Afghanistan"]

[Text] The Geneva accord, the purpose of which is to settle the Afghanistan issue politically, has been signed for more than 3 months. There have been important changes in the Afghan situation: The Soviet troops are pulling out, the war is still raging, and Diego Cordovez, personal representative of the UN Secretary General and the Afghanistan issue mediator, has embarked on his mission of bringing together various political forces to organize a coalition government.

Guarantees for Soviet Troops Withdrawal [subhead]

According to the Geneva accord signed on 14 April, the withdrawal of Soviet troops from Afghanistan was to commence on 15 May, half of them are to be withdrawn in the 3 months preceding 15 August, and the rest are to be withdrawn in the 9 months before 15 February next year.

In late June, when we were visiting Kabul, we interviewed Zhahalov, director of the Political Department of the Soviet Headquarters. According to him, Soviet units had begun preparing their pullout before the signing of

the Geneva accord. This spring, the Soviet authorities concentrated their troops, which were previously deployed in nine military districts, in six military districts. Thus, in 13 of Afghanistan's 30 provinces, there were no Soviet troops.

At the time of the signing of the Geneva accord, Soviet strength in Afghanistan stood at 100,300 men. He said: Since 15 May, when the Geneva accord became effective, over 32,000 Soviet soldiers have left Afghanistan. Of these, over 20,000 were combat soldiers and over 12,000 were logistics personnel. These Soviet soldiers were previously stationed in Konar, Nangarhar, Pakhtia, Ghazni [including Bakedika], and Zabol, the five provinces in eastern Afghanistan that border on Pakistan.

Before 15 August, Zhahalov said, Soviet troops will pull out from four more provinces. These provinces are Qandahar and Helmand, which border on Pakistan in the south, and Nimruz and Farah, which border on Iran in the west. In this way, the total Soviet strength in Afghanistan will be reduced to half of that before their withdrawal. The remaining Soviet troops will be deployed around Kabul and northern Afghanistan and they will be withdrawn before February next year.

Accusing Pakistan of "violating the Geneva accord," Zhahalov threatened to "adopt the appropriate measures." His stance was like that of the Kabul regime. The latter once accused the United States and Pakistan of not abiding by the Geneva accord and threatened to ask the Soviet Union to "slow down" or even "stop" the withdrawal of its troops.

In view of the accusations hurled from Moscow and the Kabul regime, the Pakistani Foreign Ministry has issued a statement saying that Pakistan strictly abides by the Geneva accord. However, it cannot answer for the military activities of the Afghanistan resistance forces in their own country. Still less can it ban the lawful activities of the 3 million Afghan refugees in Pakistan. It also points out in the statement that since the Soviet Union began withdrawing its troops, the Kabul regime's troops have violated Pakistani territory and territorial air space. Shortly after this, word came from among UN employees that the Soviet Union not only had halted the withdrawal, it had sent another 10,000 men to Kabul. On 23 July, Akhromeyev, chief of the General Staff of the Soviet Armed Forces, issued a statement denying that the Soviet Union has halted the withdrawal and sent additional troops and reiterating that Soviet troops will, in compliance with the Geneva accord, pull out of Afghanistan as scheduled.

Actually, the Soviet Union is withdrawing its troops from Afghanistan out of its own needs. The Soviet Union sustained about 60,000 casualties during its occupation of Afghanistan, which aroused the resentment of the whole world. People in Kabul hate the Soviets bitterly. On 12 July, a Soviet army technician was stabbed to death in a Kabul street by a young student.

Taoifeji [7118 5481 0679], an Afghan exporter, told reporters that he had had a family of 27, most of whom had fled to foreign countries or had been killed in the war and only five remained in Kabul. He said: "Soviet occupation has brought disaster to Afghanistan. They should have left long ago. Now, they cannot act otherwise. It will take Afghans at least a whole generation to get over their hatred for the occupation troops."

During our visit to a Soviet communication unit in Kabul's suburbs, we talked to four Soviet soldiers. In spite of the presence of officers, one could still observe that they long to go home. They said: It is normal that people should miss their homes and families and it would be hypocritical to deny this. Jimmie, a Soviet soldier from the Ukraine, told us that he had just received a letter from his fiancée telling him to take care of himself and not to go out at night and expressing her hope that he could return safely as there was only a few months to go. This young lady's feelings are not entirely beyond comprehension. However, as a soldier in Afghanistan, he faces war dangers night and day. The safest thing to do is to go home as soon as possible.

Fierce Fighting is Still Going On [subhead]

During our visit, we could still hear the rumbling of artillery from beyond the nearby hills. Kodov, the officer accompanying us, told us not to be scared because that was only a drill. That might indeed be a drill as we were told. However, one simply could not fail to feel the tense atmosphere surrounding the war. In addition, there were aircraft hovering above Kabul day and night. Armed helicopters were also frequently seen hovering near the airport on patrol missions.

According to Kabul official statistics, since the Soviet Union began withdrawing its troops in May, 154 people in Kabul have been killed and another 205 wounded by rockets and mortar shells launched by guerrilla forces and by explosions. In the week between 19 and 26 July, 170 rockets hit Kabul's urban areas. On 23 July alone, 60 rockets landed in these areas. This shows that fierce fighting is still going on. In July last year, only nine rockets landed in Kabul. These rockets were all launched from the mountain areas a dozen or so kilometers away from Kabul's suburbs. In mid-July, there were fierce clashes between guerrilla forces and government troops in Paghman, which is located 20 km west of Kabul, and in (Muhan Ghar), which is located 30 km south of the city. Guerrillas also frequently sneak into Kabul at night to paste up handbills on the walls of mosques and public buildings to pronounce their demands.

Guerrilla forces are most active in places Soviet troops have evacuated. According to reports, over the past 2 months, the guerrilla forces have taken over 100 strongholds and 25 cities and towns. They even once took Meidansha [2734 0030 3097], the capital city of Kewardake [0344 3907 1422 6671 0344] Province [as published], and Qalat, the capital city of Zabol Province.

Knowing that bombing would cause heavy civilian casualties, they did not dig in there. Rather, they withdrew very quickly. In Qandahar Province, which the Soviet troops have not evacuated, fighting is frequent. The guerrilla forces have mounted several attacks on Spin Buldak, which is located near the Pakistani border, inflicting great casualties on government troops. According to a physician at the Kabul Army Hospital, about 30 to 40 soldiers are admitted to this 400-bed hospital each day. As a result, it is overcrowded and many wounded soldiers have to wait for treatment in its corridors.

The Afghan resistance guerrilla forces have different philosophies and deploy their strength in different ways. Since the Soviet Union began withdrawing its troops, there have been no major battles along the Salang Highway. The leader of the guerrilla troops active in this part of the country, Mas'ud, whom people refer to as "the Lion of Panjsher," favors allowing the Soviet troops to leave the country as quickly as possible rather than attacking them. Esmail Khan, commander of the guerrilla troops in Herat Province in western Afghanistan, has issued a statement calling for a ceasefire and settlement of the differences between various Afghan forces by political means.

Peace Efforts [subhead]

From 28 June to 10 July, Cordovez shuttled back and forth between Afghanistan, Iran, and Pakistan. His purpose was, first, to find out about the implementation of the Geneva accord and, second, to contact various relevant parties, in order to find a way to establish a broadly based coalition government in Afghanistan. On 9 July, Cordovez called a news conference in Islamabad to disclose his tentative idea about reconciling the differences between various Afghan political forces. His idea is that peace in Afghanistan should be achieved in a 2-stage process. During the first stage, various political forces should cease fire on the battlefield. "Not only the resistance should stop fighting, the Najibullah regime should be brought to an end." Representatives from various parties should consult in Geneva, in order to strive for the formation of a provisional government by the neutrals on 1 September. Thereafter, refugees can return to Afghanistan and international organizations can begin providing humanitarian aid. The principal mission of the provisional government is to make preparations, after the return of various political forces back to Afghanistan, for holding the traditional "Loya Jirgah" (Grand National Assembly) on 1 March next year. During the second stage, the "Loya Jirgah" will elect and strive to officially establish a coalition government, which embraces various political forces, on 15 March. Cordovez stressed that in order to smoothly hold the "Loya Jirgah" and make further elections fair, members of the provisional government should, when they swear in, take an oath not to seek office in the future coalition government.

Some refugee representatives and some Afghan guerrilla commanders like Cordovez's idea. The Afghanistan 8-Party Alliance, which is operating in Afghanistan, has suggested that after the withdrawal of Soviet troops from the country, various political forces should settle their differences by political means. Asked about the Kabul regime's attitude toward this idea, Cordovez did not answer directly, merely saying that he had lunch with Najibullah after holding talks with him. Pakistani President Zia has delivered a speech suggesting that he gives full support to the efforts made by Cordovez in an attempt to bring about a broadly based coalition government in Afghanistan.

However, the Afghanistan 7-Party Alliance, which is operating in Pakistan, refuses to meet Cordovez. Its members have responded to Cordovez's idea differently. The three more moderate parties suggested that "they should take Cordovez's peace efforts into consideration." However, the four fundamentalist parties, particularly the leaders of the Islamic Party, who command the strongest guerrilla forces, refused to allow the People's Democratic Party, the ruling party in Kabul, to become party to the new coalition government, suggesting that they should continue to fight until the Kabul regime is overthrown and replaced by an Islamic government. Ahmad Shah, leader of the provisional government formed by the 7-Party Alliance, said on 11 July: "Cordovez never discussed his idea with the real representatives of the Afghan people who have been fighting for 10 years for the liberation of their home country. Fighters of the holy war will never agree to cease fire with the Kabul regime propped up by the Soviet Union."

Given the deep-rooted hostility between various Afghan political forces and their radically different views on political, ethnical, and religious affairs, it is not easy to bring about reconciliation. However, Cordovez's peace efforts have brought a ray of hope.

Sub-Saharan Africa

Zimbabwean Foreign Minister To Visit Beijing

To Arrive 21 Aug

OW2008002688 Beijing XINHUA in English
1800 GMT 19 Aug 88

[Text] Harare, August 19 (XINHUA)—Zimbabwean Foreign Minister Nathan Shamuyarira will start a visit to China.

He told reporters today that he will discuss with Chinese leaders on the Kampuchean issue and bilateral relations.

The decision to visit China was made following a non-aligned movement meeting on Kampuchean issue in Harare earlier this week.

Before his China visit on Sunday, the foreign minister will accompany President Mugabe in attending the funeral of the late Pakistan President Ziaul Haq in Islamabad.

Meets With Qian Qichen

OW2208082688 Beijing XINHUA in English
0808 GMT 22 Aug 88

[Text] Beijing, August 22 (XINHUA)—Chinese Foreign Minister Qian Qichen conferred with Zimbabwean Foreign Minister Nathan Shamuyarira, who arrived yesterday as president Mugabe's special envoy, on the issue of Kampuchea here today.

The visitor forwarded Qian a letter from President Mugabe to Chinese Premier Li Peng.

Shamuyarira is scheduled to leave for home tonight.

Zimbabwean President Opens PRC-Aided Center

OW1908233588 Beijing XINHUA in English
1816 GMT 19 Aug 88

[Text] Harare, August 19 (XINHUA)—President Robert Mugabe today officially opened the Glen View Embroidery Centre in Harare.

The centre was set up by the Ministry of Community Development, Co-operatives and Women's Affairs with Chinese assistance.

Speaking at the opening ceremony, President Mugabe expressed his satisfaction with the friendly relations of cooperation between Zimbabwe and China. He said that the Glen View Embroidery Centre was one of many projects of cooperation between the two countries that have proved successful. The president highly commended the good work done by the Chinese embroidery experts in training their Zimbabwean students.

Chinese ambassador to Zimbabwe, Song Guoqing, attended the official opening ceremony.

Youth Delegation Visits Somalia, Seychelles

OW2208001388 Beijing XINHUA in English
2331 GMT 21 Aug 88

[Text] Mogadishu, August 21 (Xinhua)—A delegation from the All-China Youth Federation left here for Seychelles today after its 4-day friendship visit to Somalia.

During its stay, the Chinese youth delegation had discussions with its counterparts on strengthening the friendly relations and cooperation between youth organizations of the two countries. The Chinese delegation invited a Somali youth delegation to visit China next year.

The Chinese delegation, which arrived here from Zaire, also visited some economic projects in the Somali capital and the central Shebelle region.

Deputy chairman of Foreign Affairs Bureau of the Somali Revolutionary Socialist Party Hassan Ahmed Gabay yesterday received the Chinese delegation.

Sino-Gabonese Hospital Inaugurated

OW2108193188 Beijing XINHUA in English
1333 GMT 21 Aug 88

[Text] Libreville, August 21 (XINHUA)—Gabonese President El Hadj Omar Bongo attended the inaugural ceremony of another Chinese-built medical center in his hometown of Franceville Saturday.

The Sino-Gabonese Friendship Hospital, with 4,100 square meters of floor space, has 13 special clinics and an inpatient department with 50 beds. It attends 300 patients per month.

Attending the ceremony were Gabonese Prime Minister Leon Mebame, First Deputy Prime Minister George Rawiri and Minister of Public Health and Population Jean Pierre Okias. The minister praised China's aid to the Gabonese people in the medical field. Chinese Ambassador to Gabon Tian Yimin also attended the ceremony.

China already completed a medical center in Libreville in 1982.

West Europe

Deputy Foreign Minister To Visit West Europe

OW1908111788 Beijing XINHUA in English
0551 GMT 19 Aug 88

[Excerpts] Beijing August 19 (XINHUA)—World news events for Aug. 21 To 27: [passage omitted]

Aug. 25-Sept. 16

Chinese Deputy Foreign Minister Zhou Nan pays an official visit to Iceland, Sweden, Denmark, Ireland, Netherlands, Austria and inaugurates the Chinese consulate-general in Zurich. [passage omitted]

Zhou Peiyuan Meets Cypriot Amity Delegation

OW2008184488 Beijing XINHUA in English
1014 GMT 20 Aug 88

[Text] Beijing, August 20 (XINHUA)—Zhou Peiyuan, vice chairman of the National Committee of the Chinese People's Political Consultative Conference, met with a tourist delegation from the Cyprus-China Friendship Association here today.

The visitors, led by the association's President Panayiotis Mallis, arrived here Thursday.

Song Ping Hosts Spanish Communist Party Guest
OW2208121188 Beijing XINHUA in English
1017 GMT 22 Aug 88

[Text] Beijing, August 22 (XINHUA)—Song Ping, member of the Political Bureau of the Chinese Communist Party Central Committee, met and gave a dinner for Francisco Palero, member of the Political Committee of the Spanish Communist Party Central Committee, and his wife here tonight.

The couple arrived in China August 2 on vacation at the invitation of the Chinese Communist Party. They have toured the cities of Hangzhou, Shanghai, Dalian and Shenyang and are scheduled to leave for home Tuesday.

Luxembourg's Bollendorff Views PRC Relations
OW2108034588 Beijing XINHUA in English
0122 GMT 21 Aug 88

[Text] Brussels, August 20 (XINHUA)—President of the Luxembourg Chamber of Deputies Leon Bollendorff said he hoped his visit to China will promote political, economic and cultural exchanges between the two countries.

In an interview with XINHUA in Luxembourg on the eve of his departure for China on August 21, the president said there is no dispute over any international issue between the two countries.

He also highly praised China's economic policy and policy of opening to the outside world.

Bollendorff hoped to deepen the existing cooperation between the two countries, particularly in light industry, visual arts and aircraft industry.

China and Luxembourg established diplomatic relations in November 1972. The grand duke of Luxembourg visited China in 1979 and former Chinese President Li Xiannian paid a visit to Luxembourg last year.

FRG Official Departs for Visit to Beijing
OW2208182688 Beijing XINHUA in English
1336 GMT 22 Aug 88

[Text] Bonn, August 22 (XINHUA)—Prime Minister Ernst Albrecht of Niedersachsen, Federal Germany, is leaving for China today on a 10-day visit.

Albrecht, accompanied by his agriculture and science ministers of the land, is expected to arrive in Beijing first to meet Chinese leaders.

Later, he will go to Hefei, capital city of Anhui Province, with which Niedersachsen has set up friendly relations. He will have talks with the provincial leaders on strengthening bilateral ties.

The Chinese trip will also take him to Shanghai, where he will meet local leaders for a discussion about the possibility of training Chinese machine-building engineers.

Shanghai-Volkswagen Company To Issue Bonds
HK1908132388 Beijing CEI Database in English
19 Aug 88

[Text] Beijing, (CEI)—China-Federal Germany joint venture Shanghai-Volkswagen Car Company Ltd. will issue bonds worth about 29.50 million yuan in Shanghai, the first direct entry of a foreign-funded company into China's domestic financial market to raise funds.

The period for the bond repayment, both interests and capital, is three years. The Shanghai Trust and Consultative Company under the Bank of China was entrusted by the Shanghai-Volkswagen company to issue the bonds.

The individual bonds purchasing part is 19.50 million yuan with a yearly interest rate of 10.5 percent while the part to be sold to the enterprises is 10 million yuan with an interest rate of 5.4 percent. An enterprise that buys 200,000 yuan of bonds can purchase one "Santana" car produced by the company.

The company, which started production in 1985, assembled 25,000 Santana cars up to the end of last year. This year's output is expected to reach 15,000 cars.

Air China To Begin Service to Stockholm 25 Aug
OW2108050088 Beijing XINHUA in English
0954 GMT 20 Aug 88

[Text] Beijing, August 20 (XINHUA)—Air China will open an air route between Beijing and Stockholm, Sweden on August 25.

An accord to establish the 7,700-kilometre-long route was reached between Air China and SAS, the Scandinavian airlines.

The accord is in line with the civil air transportation agreement signed by the governments of China, Sweden, Norway and Denmark in 1973.

The regular Thursday flight by Boeing 767 jet jumbo will take about 10 hours with a stopover in Moscow.

Britain To Join Solar Exploration Mission
OW2308012988 Beijing XINHUA in English
0049 GMT 23 Aug 88

[Text] London, August 22 (XINHUA)—Britain is to contribute up to 76 million pounds to a European space mission to study the sun and learn more about its effect on the earth, the British national space center announced on Monday.

The space center said it would be Britain's "largest ever participation in an international collaborative space science mission."

The mission, which is part of the European Space Agency's 20-year program "Horizon 2,000," is to launch a spacecraft called "Soho" in 1995 to study tiny oscillations in the surface of the sun in the hope of understanding more clearly what is happening in the sun's invisible interior.

Soho is short for solar and heliospheric observatory.

Dr Bruce Patchett of a British laboratory said: "However well we think we understand the sun, there is a strong possibility that we shall get surprises" by the mission.

The space center also announced other part of the experiments which involves four spacecraft, to be launched in the same year, to make a study of the way the earth's magnetic field traps the high-speed stream of particles, known as the solar wind.

"Learning more about solar flares will be of great help to those planning to send manned spacecraft on long trips beyond earth orbit," said Dr Patchett.

"It may be possible to predict what effects they will have on astronauts," he added.

East Europe

LIAOWANG Views Hungary's Reform Programs
HK2208032788 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 33, 15 Aug 88, p 27

[Article by Zou Guochang (6760 0948 2490): "Drastic or Progressive—Hungarian Party Discusses Two Economic Development Programs"]

[Text] In mid-July, the Central Committee of the Socialist Workers' Party of Hungary held a plenary session to discuss the guidelines on developing the national economy next year. The party Central Committee's Politburo submitted two development programs, namely "Program A" and "Program B," to the Central Committee plenary session for selection.

The guideline specified by Program A is to carry out drastic reforms and brave a risky situation which may occur. According to this program, Hungary will thoroughly reform its current industrial structure, which is not suited to the world economy's development situation, so that the enterprises which are suited to market mechanisms will be able to develop more vigorously and the enterprises which have incurred losses for a long time and fail to raise their productivity properly will be resolutely eliminated. This program also stands for removing all price controls so that prices will be formed through competition and state subsidies will be reduced substantially.

Program A will inevitably cause certain social tensions. For example, the thorough reform of the industrial structure will make 80,000 to 100,000 people unemployed; the complete price decontrol may raise the inflation rate to a level higher than this year's planned limit of 15 percent; and the reduction in state subsidies will add difficulties to the production of some enterprises and to the livelihood of some residents.

Program B is more moderate and stands for progressive development. According to this program, efforts are first made to develop foreign trade to improve the balance of payment in foreign economic relations and to check the increase in foreign debts. After this, the industrial structure will then be reformed gradually.

Most members of the Politburo and the party Central Committee supported Program A which requires bold reforms. They came to a conclusion from Hungary's reform experience in the past 20 years: Hungary must carry out drastic and thorough reforms or it will get nowhere in economic development.

Hungary's reforms in the past 20 years experienced many twists and turns. Some reform measures adopted by the country have achieved great results, but the idea of ensuring stability and preventing chaos has always held the dominant position. Once there were tensions and contradictions, the authorities immediately tightened up the planned control and shifted to a moderate policy. For example, in order to ensure full employment, Hungary has never boldly and substantially reformed its industrial structure. As a result, Hungary's industry has lagged far behind the world's economic development tempo. Nearly one-third of the enterprises in Hungary incur losses and rely on state subsidies for their existence. In order to guarantee the people's existing standard of living, the country has contracted large amounts of foreign debts which make the per capita amount of foreign debts in Hungary top \$1,000 and rank first place among Eastern European countries. In 1985 and 1986, Hungary's economy continued to deteriorate in three aspects: The economic imbalance became more serious; economic returns and general productivity declined; and economic growth slowed down. This also exhausted Hungary's state financial resources and foreign exchange reserve. Some 65 to 70 percent of the income from exports to the West had to be used to pay the interest of the foreign debts and repay debts which have matured. This resulted in huge deficits in state budgets and a fall in the people's living standards. Since Grosz became prime minister, he has adopted some positive reform measures (such as tax reforms and price decontrol), but these measures did not achieve marked results. This can be compared to the situation where a person tries to put out a burning cartload of firewood with a cup of water.

The central leaders of the party and most members of the Central Committee held that in order to change the economic situation, it is necessary to first change people's idea of seeking stability and fearing trouble and

replace it with a new idea of daring to carry out reforms and undertaking risks. Hungary will fail to keep pace with the development of the world economy if it sticks to the old conventions. For Hungary, which has to rely on the external markets in many aspects, the consequences would be unimaginable. Therefore, they held that they prefer a major operation to cure the disease thoroughly than slowly dying by taking the ineffective moderate medicine. They expect that drastic reforms will bring about certain tensions and contradictions, but they should not fear the risks. They held that it is necessary to clearly inform the people of the advantages and disadvantages of various options, and they believed that the people will understand and accept Program A. They were worried that if they adopted Program B, Hungary would repeat the same experiences of the past 20 years.

However, some members of the Central Committee were still worried that as Hungary's economy is too weak, a major operation may cause excessive bleeding and other complications. They demanded that countermeasures be first worked out to cope with any possible problems and trouble.

The plenary session of the Central Committee did not make a final decision on this matter, and only required the organs concerned to work out a more detailed plan for the implementation of Program A and also study Program B in detail so that the Central Committee can make a final decision at its plenary meeting in October this year. Anyhow, the party and government leadership in Hungary has demonstrated a new mental condition of being more anxious and courageous to advance the reforms and to undertake risks.

Latin America & Caribbean

PRC Official Visits, Discusses Foreign Debt

PA1708002688 Mexico City EXCELSIOR in Spanish
13 Aug 88 p 10-A

[Text] Upon arriving in Mexico from Beijing, Li Beihai, secretary general of the CPC's International Liaison Department, said that the PRC agrees with the Cartagena consensus' policy advocating a new international economic order and the responsible participation of creditor and debtor countries in resolving the problem of the Latin American foreign debt, which exceeds \$450 billion.

He said that "a solution to the serious problem of the foreign debt must be based on the economies of the countries involved. In order to pay the debt, these countries must grow, and this growth will only be possible if they reactivate their economies."

Li Beihai said that "creditor and debtor countries need to participate in negotiations now more than ever. Mexico has begun such a process by means of debt-for-equity swaps and other mechanisms it has created. It is no longer possible to condemn debtor countries to alienation, hunger, and neglect."

Li Beihai said that Soviet leader Mikhail Gorbachev's "perestroika" is a very positive factor for the development of the socialist world. He said that the PRC has opened to the rest of the world to a considerable extent and holds cordial relations with 136 countries. It also holds trade relations with over 170 countries and over 250 political parties, including Mexico's PRI.

He pointed out that "the PRC's opening to the rest of the world has been a benefit to our country's one billion inhabitants. We are trying to promote greater development to satisfy the demands of this immense population."

Zhao Ziyang Visits Peasant Entrepreneurs
*OW2308055488 Beijing XINHUA Domestic Service
in Chinese 0734 GMT 21 Aug 88*

["Title: Introduce Managerial Mechanisms of Village and Town Enterprises Into State-Owned Enterprises—by JINGJI CANKAO reporter Shi Kanli"]

[Text] Beijing, 21 Aug (XINHUA)—The General Secretary Hears Briefings by Peasant Entrepreneurs (subhead)

One day in late July, General Secretary Zhao Ziyang, on a work inspection tour in Mudanjiang, paid a special visit to the home of Wu Yancheng, a peasant entrepreneur and general manager of the Head Office of the Longjiang Development Corp, in Beian Township, Mudanjiang City. In the evening of the same day, he invited Wu Yancheng and the plant director of the Mudanjiang Boiler Plant, Bi Yuanlin, to his temporary quarters for a long talk.

Wu Yancheng is well-known in Heilongjiang Province for his success in using the village and town enterprise management method to revive the Mudanjiang Boiler Plant while operating it under a lease contract. From 1984 to 1987, the boiler plant suffered losses every year. The accumulated loss amounted to some 6 million yuan, and the plant was about to go bankrupt. Public bids to operate the plant were invited for more than a month, but no one dared to make a bid. Last November, Wu Yancheng, relying on his corporation's actual strength and his courage and insight, contracted to operate this state-owned plant with 800 staff members and workers. After half a year, the vitality of this enterprise has been quickly aroused. For the first half of this year, it registered a total industrial output value of 3.87 million yuan and a profit of 318,000 yuan, fulfilling the annual profit quota ahead of schedule and by an average 6 percent.

In the evening, at the very beginning of the discussion meeting, the general secretary said to Bi Yuanlin straightforwardly: Let me ask you a question: What managerial mechanisms of village and town enterprises can be introduced into state-owned enterprises? In the past you worked in a state-owned factory, and now, as a peasant, you are managing a state-owned factory under a lease contract. Make a comparison based on your experience. Speak freely. Speak the truth. Speak the truth. Speak the truth! The three "speak the truth" provoked an understanding laughter from the comrades present on the occasion. Bi Yuanlin freed himself of reservations and began to chat with the general secretary as if they were engaged in small talk.

"When I came to this plant to assume the post of plant director, General Manager Wu unequivocally told me to work with the same methods used for managing village and town enterprises and discard those managerial patterns used in enterprises owned by the whole people. In the past, I worked in a state-owned enterprise. Too many levels existed there so it was difficult for the plant

manager to accomplish a single task! For example, after the plant manager officiated at a production meeting, he had to report to the party committee. If the results of the meeting were the same as what the party committee secretary had in mind, the work would be easily carried out. If not, contradictions would arise, and the work would have to be postponed further and further. Currently, I am managing the Mudanjiang Boiler Plant on a contractual basis. I spent a dozen days merging the original 21 divisions and offices into 7 departments and 1 office. There were 122 division and office cadres; now there are only 71. The 'one office' is the plant director's office, which is the result of merging the former plant director's office, party office, reform office, propaganda division, and organization division. Previously, there were 17 people on the staff; now there are only 7. The work is done very smoothly and quite well."

Comrade Ziyang said: "So, there is no more haggling and shifting of responsibilities." "Do you have a deputy plant director?" he asked.

Bi Yuanlin replied: "No. We only have an assistant to the plant director. The 'seven departments and one office' correspond to the plant's highest policy-making organ in the past. I can decide on things that are not against policy. A few days ago, several engineers came from the Anshan Iron and Steel Industry Design Institute with a proposal to work with our plant on a joint project. I was out on official business. The assistant to the plant director and the head of the technical management department, after talking with them, felt that the proposal was feasible, and so a decision was made. When people have authority as well as duties, and responsibilities are divided among different levels, work can be done easily and quickly. In big state-owned enterprises, the internal managerial mechanism will not allow this. It restricts people too much!"

Ziyang asked: "When you merged the original divisions and offices into 'seven departments and one office,' you laid off so many cadres. Why didn't anyone make trouble?"

Bi Yuanlin said: "Initially, we thought there would be some people who would make trouble, considering the complicated personnel relations in the plant. To prevent this, we did some work. We held a party membership meeting, a staff and workers meeting, and a dialogue meeting to clearly explain the policy: If we worked in the old way, the plant would go bankrupt. Now that the higher authorities have formulated a policy of applying the managerial method of village and town enterprises, any cadre capable of doing the work should take it on. I made a list of all the cadres in the plant and conducted a public opinion poll. The results were that all the cadres engaged by the 'seven departments and one office' had the highest number of votes of the masses."

Bi Yuanlin went on: "As for technical cadres in specialized fields, we are implementing an intraplant professional title appointment system. When a village or town enterprise recruits technical cadres, it does not merely look at the applicant's diploma and educational background. In our plant, all the 51 technicians in specialized fields have been given the title of engineer, technician, or assistant engineer after examinations, including an oral examination and an appraisal of their work performance. They receive salaries according to the plant's wage standards. An engineer whose title was decided by the state was found incapable. We could not formally employ him, but we put him on probation with his wage cut by two grades. The professional titles are reappraised every year, and changes are made accordingly. In state-owned enterprises, this would be impossible because of the limit on total wages."

In addition, Bi Yuanlin reported: "The biggest complaints among staff members and workers of state-owned enterprises are egalitarianism and the practice of 'everyone eating from the same big pot' in the distribution system. Our plant is now implementing a structural wage system, consisting of several layers. Workers can calculate their daily remuneration according to the fixed amount for each man-hour and the quality of work done. A young female worker earned an average monthly income of 400 yuan from March to June, the maximum being 600 yuan a month. She did not work 8 hours, but from 0500 to 2200. Our production work is currently uneven. There might be no work for 7 or 8 days in a month. When there is no work, not a single fen can be earned."

Ziyang asked: "There is no basic wage?"

"They are given a 20-percent man-hour subsidy." Bi Yuanlin said with a smile: "The general secretary might ask how much I earn. According to our regulations, when the monthly output value has reached 1.2 million yuan, the cadres receive 2.5 to 3 times as much as the worker's average remuneration. In June, our output value was 1.37 million yuan, so the several department heads and I each got 500 yuan. This month, because the machines have to be overhauled and the output value is low, we cannot receive so much. The highest income of a cadre has never exceeded the highest income of a worker."

After answering the general secretary's questions about the specifics of the structural wage system and the related stipulations, Bi Yuanlin reported: "The vigorous state of village and town enterprises is also attributed to the practice of entirely relying on market regulation. They set their own prices for their products. If the prices of raw materials are high, they raise the prices of their products appropriately. The negotiated price of rolled steel is higher than that of state-allocated rolled steel by 700 to 800 yuan. We suggest that the prices of all raw and semifinished materials be decontrolled to allow genuine competition. In this way we can see who is capable and who is not!"

Everyone smiled, and so did the general secretary.

General Secretary Zhao Ziyang said: "Can other state-run enterprises do what you are doing? There is no bonus tax here, while there is such a tax in state-run enterprises. If state-run enterprises practice what you are doing, they too must bring about change in this connection. There is nothing that the state-run enterprises cannot do. They can do everything such as streamlining administration and rationalizing the labor structure. Why cannot state-run enterprises make improvements in this regard?"

The general secretary told Wu Yancheng: "You have a good method here. You have invited Bi Yuanlin as a legal person who is held responsible for you and who is given full managerial powers. No other department can interfere with his authority. Enterprises abroad are being run in such a manner." Turning to the provincial and city-level leading comrades present, he said: "Planning commissions and city governments may also get someone to act as a legal person like Bi Yuanlin to assume full managerial responsibility. It is difficult to manage an enterprise when there are too many superiors. As a matter of fact, there are not too many things to do in terms of business management. One general manager is enough. The less the interference from higher authorities the better. This practice is called: 'running enterprises without superiors'." His remark once again evoked laughter.

It was already a little past 2100. Before his departure, the general secretary said: "You may run more state-run enterprises on a contracted basis in the future and reform such enterprises by using this method. Naturally, you should go about doing this steadily and surely."

The general secretary's approval to introduce managerial methods of rural enterprises to state-run enterprises greatly inspired the peasant entrepreneurs. What is the ultimate reason and the universal significance of all this? On the next day, the general secretary profoundly and clearly elucidated this issue after he heard a report on the work of the provincial CPC Committee. He expressed the following views:

Currently, rural and small enterprises have a good setup. They are full of vitality. Why are large enterprises passive and sluggish in dealing with competition from smaller enterprises? It is because their setup is not very good. Did your factory director talk about the drawbacks of state-run enterprises yesterday, such as unclear lines of responsibility, overstaffing, lack of work enthusiasm, and treating everyone the same regardless of work output? Our big state-owned enterprises have great potential, but this potential still remains untapped. Currently, we must study how to introduce the managerial methods of rural enterprises into state-run enterprises. To revitalize big enterprises, three issues must be seriously tackled. Enterprises must be made responsible for their own profits and losses. State controls must be lifted, and production must be geared more to market regulation.

The state should help enterprises create conditions to truly have a free hand in their own management and to take full responsibility for their own profits and losses. The state should then rely on these conditions to help state-owned enterprises improve their own setups. Big enterprises will then become revitalized in such manner.

Ding Guangen Named to State Planning Commission
HK1808024388 Hong Kong WEN WEI PO
in Chinese 18 Aug 88 p 2

[Report by Liu Jui-shao (0491 6904 4801): "Ding Guangen To Take Up the Post of Vice Minister of the State Planning Commission"]

[Text] Beijing, 17 July—High-level sources here revealed that Ding Guangen, former minister of railways who took the blame for several serious train accidents and resigned, will act as vice minister of the State Planning Commission. It was said that his new post is not titled "first vice minister," but his name will be placed before incumbent First Vice Minister Fang Weizhong, next only to the minister of the State Planning Commission, Yao Yilin.

Ding Guangen kept a low profile for a period of time; he meanwhile remained an alternate member of the Political Bureau.

Regulations on Party Discipline Violations
OW2308105088 Beijing XINHUA Domestic Service
in Chinese 0103 GMT 23 Aug 88

[Text] Beijing, 23 Aug (XINHUA)— According to the provisions of the "Regulations on the Investigation of Cases by Discipline Inspection Organs of the Communist Party of China" promulgated today by the Central Discipline Inspection Commission, party members or party organs which commit one of the following errors shall be put on file for investigation and prosecution:

1. To refuse to carry out the party's lines, principles, policies, and resolutions, and to openly stigmatize and negate the four cardinal principles;
2. to boycott and obstruct reform and opening to the outside world, causing damage to the interests of the state and the people;
3. to seriously abuse power for personal gain, thus infringing on the interests of the state, collectives, and the people;
4. to commit serious dereliction of duty as a result of bureaucratism, causing tremendous losses to the interests of the state and the people;
5. to violate party discipline by appointing people through nepotism and by promoting factionalism, thus sabotaging party unity;

6. to sabotage the party's democratic centralism by seriously infringing on party members' democratic rights, suppressing democracy, or engaging in retaliation;

7. to violate party propaganda discipline, causing tremendously adverse political consequences;

8. to frame others by intentional fabrication;

9. to reveal party and state secrets, causing serious consequences;

10. to seek fame and wealth through deception;

11. to violate discipline governing the execution of foreign affairs, resulting in loss of state and individual dignity and causing damage to party and state interests;

12. to practise favoritism and fraudulence and to shield personnel who have seriously violated law and discipline;

13. to live extravagantly and to waste and freely squander money and materials of the state and collectives;

14. to engage in morally degenerate behavior;

15. to engage in law-breaking behavior, such as corruption, bribery, extortion, speculation, cheating, and oppression of people, which, although not constituting a criminal act, is serious enough to warrant disciplinary action; and

16. to engage in other behavior which seriously violates party discipline.

Shop Staff Exposes Director's Corrupt Practices
HK2308105688 Beijing RENMIN RIBAO in Chinese
16 Aug 88 p 1

[Letter from Huang Xiaohong, Zhu Xiangzhong, Li Jianping, Deng Chulian, Peng Huiying, and 21 Other Staff Members of the Pingxiang Hardware, Transport, Electrical, and Chemical Products Shop in Jiangxi Province: "Is It Punishment or Protection?"]

[Text] We are 26 staff members of the Pingxiang Hardware, Transport, Electrical, and Chemical Products Shop in Jiangxi Province. RENMIN RIBAO on 29 May carried the news about the press briefing held by the staff members of our shop as well as a commentary on the issue, revealing the inside story of the prices forced up by our shop. We thank the central party newspaper for courageously supporting justice and our struggle against unhealthy tendencies.

Compelled by the general trend, the city government sent an investigation team to our shop on 30 May and conducted a 35-day survey ending on 4 July. The findings indicated that there were problems of forcing prices up, corruption, and misappropriation of public funds in

the shop. Because of shop manager Xiong Guobao's strong backing and nepotism, however, his problems were openly shielded under the pretext of "being handled" in an attempt to turn the big problems into small ones and the small problems into no problem at all.

On the second day after the investigation team entered the shop, the Hardware, Transport, Electrical, and Chemical Products Company which supported us in investigating the matter received a blackmailing telephone call: "A so-and-so family will be plunged in a bloodbath." None of the staff members who exposed the matter was invited to join the 13-member investigation team. Moreover, manager Xiong Guobao remained as active as before. The cashier of the shop was Xiong's sister-in-law and the accountant was also his relative. After the investigation team came to the shop, the three of them destroyed the receipts in their homes and reached an agreement not to give each other away. This was a favorable condition provided by the investigation team to them.

When 15 representatives of the staff were summoned to a meeting on 15 June, Peng Shaoqiu, head of the investigation team and director of the city pricing bureau, said: "Since we have not found any problems, the investigation will wind up very soon." When we refuted his remarks, Peng struck the table and poured out a stream of abuse: "Damn you stupid fools!" When we exposed previous problems with Xiong, Zhang Hui-min, deputy head of the investigation team and director of the city commercial bureau, also scolded us: "Why not lodge a lawsuit against him with the central authorities?" In this connection, we really do not understand why the bureau directors are so annoyed at the problems exposed by the staff members?

Xiong Guobao was temporarily relieved of his post for self-examination on 18 June following an urgent telegram we sent to the leaders concerned. He was forced to hand over the three passbooks in which he had deposited to his own accounts the profits secretly retained, the amount embezzled totaling over 49,000 yuan. Unexpectedly, the investigation team determined the nature of the case as a "small money-locker" set up privately.

Following the announcement made by the team on winding up the investigation, the workers of our shop found on 17 July that Xiong Guobao privately retained a piece of woollen fabric valued at 2,000 yuan, and he spent more than 10,000 yuan to buy an X-ray machine. In addition, he purchased a large amount of waste commodities in 1987, incurring a loss of 60,000 yuan. The investigation team also ignored the commission and service charges Xiong had obtained.

On 6 July we went to the city party committee and requested that Cheng Shiguo, Standing Committee member of the city party committee and vice mayor, thoroughly examine the matter. Unexpectedly, this vice mayor said: "Why did you hold a press briefing since the

commercial bureau and company sent an investigation team? Your attempt to drive a person out of office will be of no avail. I don't think you can do so." Is it a mistake for us to expose the problems in our shop of indiscriminately raising prices and seriously violating financial discipline? Is it done for the purpose of driving somebody out of office? Isn't it illegal for Xiong Guobao and his followers to steal the interests of the state and deposit them in his private accounts? The central party newspaper praised our move as "a magnanimous act undertaken for the public good," while our vice mayor was against what we did. Herein lies the reason the investigation team dared to shield the evil practices.

We sincerely hope that the higher level organs will send comrades with party spirit and a conscience to thoroughly examine the problems in our shop.

Huang Xiaohong, Zhu Xiangzhong, Li Jianping, Deng Chulian,

Peng Huiying, and 21 staff members of Jiangxi's Pingxiang

Hardware, Transport, Electrical, and Chemical Products Shop

'Findings' in Corruption Case Viewed

HK2308122688 Beijing RENMIN RIBAO in Chinese
16 Aug 88 p 1

[Article by RENMIN RIBAO correspondent Zhao Xian-gru (6392 4161 1172): "Strange 'Findings'"]

[Text] Following the report on the "Inside Story of the Prices Forced Up by the Leaders of the Pingxiang Hardware, Transport, Electrical, and Chemical Products Shop and the Press Briefing Held by 15 Staff Members" carried in the newspaper, the party committee of Pingxiang City sent a 13-member investigation team, with the director of the city pricing bureau as head and the director of the city commercial bureau as deputy head, to conduct investigations in the shop. They investigated the serious economic problems of Xiong Guobao and his followers and their violation of the price policies. Actually, they should have traced the economic problems back to the date when Xiong assumed the office of director. However, the investigation team merely investigated the problems mentioned by RENMIN RIBAO and evaded other problems. They investigated Xiong's economic problems from 1987 to May 1988, but refused to investigate the problems prior to that period. The investigation was quite baffling. In the 19 [as published] days the investigation team was in the shop, it was surprising that the investigation team did not suspend Xiong from his duties or adopt the necessary measures to seal the accounts.

During the 19-day investigation, they discovered that shop director Xiong Guobao had three passbooks in which he had deposited a total of 49,685 yuan. This cash

was the profit of the shop retained illegally by Xiong Guobao in collaboration with the accountant, the cashier, and some group leaders of the shop attendants by destroying the original cash receipts, not entering the items in the account book, making false invoices, and taking the cash from sales. However, the investigation team determined the nature of the case as a mistake of "a small money-locker set up privately," believing that "it is an understandable need of commercial work."

The cashier misappropriated 11,500 yuan in public funds, of which 6,000 yuan was misappropriated over a period of more than 5 months. However, the conclusion of the investigation team on the misappropriation of public funds was: "The cashier took advantage of her office," and "she should submit a written self-examination and learn a good lesson." So that was the end of the matter.

The investigation team then submitted the "findings" to the higher authorities and also submitted an "investigation and prosecution report" to RENMIN RIBAO and the General Office of the provincial government.

Without giving any explanation and not allowing any inquiries, the investigation team left immediately after reading the "findings" before the shop staff members. Not long afterward, they held a press briefing and made an announcement in advance: No documents will be issued, no inquiries, and no explanations. Once again they left after reading the "findings." The majority of staff members were dissatisfied with the "findings" and most of the reporters shook their heads after listening to them. The staff members have bitterly complained about the case, so we will have to wait and see how it will turn out.

Commentator Urges Impartiality

HK2308124488 Beijing RENMIN RIBAO in Chinese
16 Aug 88 p 1

[Commentator's article: "How Can the Matter Be Settled by Leaving It Unsettled?"]

[Text] RENMIN RIBAO on 29 May carried news about the "Inside Story of Prices Forced Up by Leaders of Pingxiang Hardware, Transport, Electrical, and Chemical Products Shop and the Press Briefing Held by 15 Staff Members" and issued a commentator's article entitled "A Magnanimous Act Against Indiscriminate Price Hikes." More than 2 months have elapsed and our readers may believe that the case has already been investigated and handled seriously. However, 26 staff members of the shop wrote us, saying that the problems of shop manager Xiong Guobao and his followers were more serious than those reported. Nevertheless, it seems that the case will end up with no definite conclusion.

Why has such an illogical change taken place? Viewed from the letter and the reporter's findings, the matter is closely related to the investigation team sent by the city

government. In the course of the investigation, the investigation team did not show any sincerity in thoroughly investigating the problems. It did not suspend Xiong Guobao and his followers from their duties nor did it adopt measures to seal the accounts. Conversely, the investigation team suppressed and scolded the staff members who exposed the problems. It seems that they were trying to shield Xiong and his followers under the pretext of investigation. Obviously, we cannot expect such an investigation team to thoroughly examine the problems and discover the truth.

The cadres and staff members at the grass-roots level always trust and place their hopes in the investigation team sent by the higher level organs. Members of an investigation team should live up to the expectations of the masses and objectively, justly, practically, and impartially handle the case. Only by doing so can they get to the bottom of the matter. However, some investigation teams always conduct investigations partially. As a result, the more they investigate the more confusion they cause, while those who rely on their powers and position and who violate law and discipline will be secure in the knowledge that they have strong backing. Usually it is very difficult for the members of these investigation teams to be impartial because they have relations of interests of one kind or the other with those violating the law and discipline. For this reason, while sending investigation teams, the higher level organs should strictly select the members, particularly the responsible persons. Regarding the investigation teams that have shielded those violating law and discipline, they should be held accountable.

The reason for the problems of the Pingxiang Hardware, Transport, Electrical, and Chemical Products Shop which have not yet been seriously handled merely lie with the investigation team. Perhaps it should be attributed to the attitude of the responsible persons of the city government. After reading the staff members' letter and the reporter's findings, we have every reason to suspect the matter.

The staff members of this shop are courageous and reasonable. They also respect the leaders. Regarding the prices forced up by the shop, they first reported the situation to the relevant higher level departments. They held a press briefing because the matter was not handled. The leaders of the local government should enthusiastically welcome the magnanimous act of the masses, support their act with a clear-cut stand, earnestly investigate and handle the problems of Xiong Guobao and his followers, and take this as a turning point to curb the price hikes, attack the illegal criminal offenses in the economic field, and promote the healthy development of reform. It is regrettable that they did not seize this opportunity.

The staff members of this shop as well as other units are concerned about the further development and conclusion of the case. To shield the offenders of law and

discipline means to attack those who courageously fight against unhealthy tendencies; and to sternly punish the offenders of law and discipline means to support those who courageously fight against unhealthy tendencies. The influence of the case is beyond a shop and a city. With a sense of justice, the staff members of the shop placed great hopes in the leaders of the Pingxiang City government and relevant departments. However, they were disappointed with what they received. In the letter, the 26 staff members said: "We sincerely hope that the higher level organs will send comrades with party spirit and a conscience to thoroughly examine the problems in our shop." Will the leaders of the Pingxiang City government disappoint them again? We sincerely hope that they will not.

Yang Shangkun, Li Peng Meet Security Officials
OW2308104888 Beijing XINHUA Domestic Service
in Chinese 0536 GMT 23 Aug 88

[By reporter Zhou Zhangxin]

[Text] Beijing, 23 Aug (XINHUA)—The national meeting of department and bureau directors in charge of state security concluded here today. Yang Shangkun, Li Peng, Peng Zhen, Qiao Shi, Xi Zhongxun, Peng Chong, Wang Fang, Ren Jianxin, Liu Fuzhi, and other leading comrades met participants of the meeting at the Great Hall of the People this morning and took a group picture with them.

The week-long meeting sponsored by the Ministry of State Security once again analyzed the current situation in national security work in line with the guidelines laid down by the 13th CPC National Congress, and studied how to further improve and strengthen national security so as to meet the needs in deepening reform and opening the country even wider to the outside world and in serving the party's basic line during the initial stage of socialism. Jia Chunwang, minister of state security, made a report at the meeting.

The Ministry of State Security founded in 1983 has done a great deal of work in safeguarding national security and promoting the socialist modernization program, scoring tremendous achievements. The participants of the meeting said: With the nation entering a stage of tackling the most difficult problems in reform, all the comrades on the national security front must even more effectively fulfill their responsibilities in ensuring national security and make new contributions to safeguarding and promoting economic construction and smoothly developing China's reform and open policy.

Prof Fang Lizhi Views Reform as Trend
HK2308070988 Hong Kong WEN WEI PO
in Chinese 23 Aug 88 p 2

[Report by WEN WEI PO reporter Chang Chien-hua (1728 1696 5478): "Fang Lizhi Speaks About Reform in China, Saying That Reform Has Become the Current of the Times"]

[Text] Sydney, 22 Aug (WEN WEI PO)—During an interview with this reporter here today, Professor Fang

Lizhi, an active advocator of reform in China and well-known astrophysicist, pointed out that reform has become a current of the times that nobody can reverse.

Professor Fang Lizhi and his wife Li Shuxian arrived in Sydney yesterday at the invitation of local academic organizations. Fang gave a lecture on the forms of the universe at Sydney University this afternoon. He was warmly welcomed by an audience of more than 300. After the lecture, Fang Lizhi had a chat with dozens of Chinese students who are studying there. Referring to the phenomenon that some Chinese students refuse to return to China after their graduation, Fang Lizhi admitted that the poor conditions for scientific research, the low pay for scientists and technical personnel, and the failure on the part of the government to attach enough importance to the role of intellectuals are the factors contributing to some Chinese students' unwillingness to return home after graduation. Fang emphasized: All of us have realized China's shortcomings and deficiencies, and that is the reason why China badly needs to introduce reform.

Fang Lizhi and his wife will stay in Sydney for a week. Then they will tour universities elsewhere to give lectures on astrophysics and hold talks with Chinese students studying in Australia, on the current situation of reform in China.

Zheng Tuobin States Foreign Debts Within Limits
OW2308005288 Beijing XINHUA Domestic Service
in Chinese 2349 GMT 21 Aug 88

[By reporters Chen Xianxin, Zhang Yi]

[Text] Beijing, 22 Aug (XINHUA)—In reply to these reporters' questions a few days ago, Zheng Tuobin, minister of foreign relations and trade, said that China's foreign debts are within limits.

It was learned that, from 1979 to the first half of this year, China had actually used 29.5 billion dollars in foreign loans. This capital has effectively given impetus to the development of China's national economy. However, China must repay its loans in the long run. Will the expanded use of foreign capital, especially loans from abroad, make China shoulder a heavy debt burden?

In reply, Zheng Tuobin said: China has adhered to the three principles in its use of foreign capital: 1) the scale of loans to be based on China's ability to repay them and its capacity to provide supporting measures; 2) to borrow foreign capital according to a rational pattern and to make foreign investment dovetail with the development of the national economy and with the adjustment of the production structure; and 3) to pay attention to the economic results of projects involving the use foreign capital, with focus on whether these projects, once completed, are able to repay loans or not. Since China is

implementing a planned commodity economy, it is completely possible to control foreign debts, making them stay within permissible limits. In recent years, while expanding its use of foreign capital, China has been actively repaying matured principals and interests. Currently, the majority of China's debts are either government loans or medium- and long-term loans with medium- and low-interest rates provided by international banking institutions. In general, China's debt pattern and status, and its ability to repay loans, are still relatively normal, and China's debts are still within limits.

China Now Third Largest Wool Exporter
OW2208183685 Beijing XINHUA in English
1332 GMT 22 Aug 88

[Text] Beijing, August 22 (XINHUA)—China is now the third biggest exporter of wool products bearing the internationally renowned pure wool mark. The first two are Hong Kong and Italy.

At a symposium on the use of the woolmark, participants learned that China has an annual output of more than 2,000 tons of wool products using the pure new wool mark.

About 200 factories in China have been accredited by the international wool secretariat to use the woolmark. They are mainly situated in Shanghai, Beijing, Jiangsu and Tianjin. Their woolen exports include garments, knitwear, blankets and carpets.

In recent years the sales volume of China's woolmark products has soared in the domestic market and more than doubled in the world market.

Last month the International Wool Secretariat (IWS) and the Chinese Ministry of Textile Industry signed a new three-year cooperation agreement on China's woolen goods production.

The agreement was aimed at exchange of information, development of new products and bringing Chinese wool products in tune with the world market.

To guarantee the high quality of Chinese wool products, China Import and Export Commodities Inspection Corporation (CCIC) and IWS China Branch (Hong Kong) are strengthening their cooperation on wool quality supervision.

Last week 64 inspectors of CCIC passed the IWS test to achieve IWS accreditation.

Five branches of CCIC in Beijing, Tianjin, Shanghai, Jiangsu and Liaoning have also been accredited by IWS as inspection centers in China for the export of garments and carpets using the woolmark.

The IWS China branch this year gave "A" gradings to 12.3 percent of China's pure wool garment factories and "B" gradings to 69.7 percent. Most of their products met the standards laid down by IWS.

Three Wool Auction Markets To Open
OW2208132488 Beijing XINHUA in English
0936 GMT 22 Aug 88

[Text] Beijing, August 22 (XINHUA)—China will start three wool auction markets this year, the Ministry of Textile Industry announced today.

One of the auctions, to open tomorrow, will be held in Urumchi, capital of the Xinjiang Uygur Autonomous Region in China's far west.

Another will be in Huhehot, capital of Inner Mongolia Autonomous Region, starting up in September.

The third opens in Nanjing, capital of Jiangsu Province, in October.

The three auctions will offer 1,200 tons of wool in more than a dozen varieties.

The auctions are an important reform in wool marketing in China, a ministry official said.

They should improve efficiency and product quality, and bring wool producers and manufacturers closer together.

Bank of China Shakes Up Credit, Trust Companies
OW2308044388 Beijing XINHUA Domestic Service
in Chinese 0148 GMT 22 Aug 88

[By reporter Ding Jianming]

[Text] Beijing, 22 Aug (XINHUA)—The People's Bank of China has started an overall shake-up of credit and trust companies.

The number of credit and trust companies in China has markedly increased in recent years. By this July, China had 745 of such companies, with total assets of 81.1 billion yuan. To be sure, credit and trust companies do make positive contributions in the areas of pooling capital, providing financial services, and promoting economic development. But, some of these companies do not play their proper financial function. They either indiscriminately absorb savings deposits or blindly help expand capital construction; some of them, in addition to giving or charging state-set interest rates for savings and loans, collect unauthorized fees, demand rebates; or use public funds to issue bonuses, and/or give gifts to their staffs.

In order to strengthen management and control of credit and trust companies, the People's Bank of China recently called on localities to stop examining and approving new

companies and make a comprehensive shake-up of the already-established ones. At the same time, the People's Bank of China laid down stricter regulations to control the allowable scale of credit and loans for credit and trust companies.

Commentary on Unjustified Financial Levies
OW2308085788 Beijing XINHUA Domestic Service
in Chinese 0608 GMT 21 Aug 88

[XINHUA commentary: "Enterprises Can No Longer Be Forced To Keep Such Grievances to Themselves"]

[Text] Beijing, 21 Aug (XINHUA)—Everyone knows there are a multitude of financial levies on enterprises, but no one knows for sure exactly how many there are. Many plant directors just complain. They are unwilling to speak out about the truth of financial levies imposed on them because they are afraid of offending the departments concerned and thereby causing the enterprises to encounter more difficulties in their operations in the future. Recently, while gathering news at a medium-sized enterprise, with patience and perseverance this reporter finally got a clear picture of the details of financial apportionments levied on it by various units during first half this year.

While this fairly successful enterprise has enjoyed rapid growth in output value, profits, and tax contribution in recent years, it is also beleaguered by ever increasing amounts of financial levies. This plant earned a total profit of 3.3 million yuan during first half of this year. Financial levies from all quarters amounted to more than 300,000 yuan, which is nearly 10 percent of its profits.

The following are some major items that this reporter saw on the list of financial levies imposed on the plant:

February: The general office of the city government levied 6,700 yuan for the compilation of a pictorial.

March: As a "sanitation fee" for the Environmental and Public Health Bureau, 868 yuan was levied; as a donation to support the city federation of literature and art circles, 2,000 yuan was levied.

April: As a rat elimination fee levied by the district, 2,500 yuan was levied.

May: As a donation to a newspaper office to support its selection of outstanding athletes, 6,000 yuan was levied; and 10,000 yuan was apportioned to support the city radio station.

June: As a sculpture fee for the city, 50,000 yuan was levied; and 20,000 yuan was apportioned as a fee for urban construction and road maintenance.

In addition, more and more units have come to "borrow" money from this plant. It has provided interest-free loans to three units in the city in the amounts of 60,000 yuan, 30,000 yuan, and 25,000 yuan respectively during first half of this year. These units say they will make repayment within 3 to 5 years; however, it is hard to tell whether they will effect repayment when the time comes.

The plant manager told this reporter: We are unwilling to pay for all these financial levies, but there is nothing we can do about it. Even so, enterprises cannot survive such endless financial levies. Concerned people maintain that there is "good medicine" for treating the "chronic and stubborn disease" of financial levies on enterprises, namely, the "Enterprise Law" promulgated and implemented by the state. The "Enterprise Law" unequivocally stipulates: No organization or unit is allowed to impose manpower, material, and financial levies on enterprises.... Enterprises as well as their plant directors and managers ought to have a little courage to resist financial levies imposed under all sorts of names and pretexts. Enterprises can no longer be forced to keep such grievances to themselves.

Flow of Existing Stock Assets Encouraged
HK2208063188 Beijing RENMIN RIBAO in Chinese
12 Aug 88 p 5

[Article by Sun Xiaoliang (1327 2400 5328), Zheng Jingxian (6774 4552 6343), and Zhang Yi (1728 7535): "Promote the Flow of the Existing Stock of Assets, Enhance Perfection of the Economic Structure—On the Contracting, Leasing, and Merging of Enterprises"]

[Text] Structural irrationality is a serious problem in our country's economic development. In the absence of a free flow of assets in stock in large quantities, if an optimum structure is achieved merely by relying on the distribution and regulation of the increased amount of asset investment as is the current situation, the effect will be limited. Therefore, the flow of assets in stock and the attainment of an optimum structure should be promoted as the reform deepens. Practice has proved that the contracting, leasing, and merging of enterprises is an effective form for promoting the flow of assets in stock and should, therefore, be viewed as an important task of deepening the reform.

Two Difficult Problems and One Consequence [sub-head]

For quite some time, there have been two difficult problems in the distribution of production elements in our country. One is that enterprises can only "survive" and not "die." Once an enterprise is set up, it has been destined to be "long-lived" and "immortal." Even though it operates poorly or has lost money in operation for a long time or its assets are shorter than debt payments, it can survive by relying on subsidies given by governments at various levels.

The other problem is that an enterprise's assets in stock can only be increased and not circulated. Currently, about 33 percent of the state's fixed assets is left unused while many enterprises which need development fail to get necessary financial support. Hence, there is a situation in which funds are left idle on the one hand and there are fund shortages on the other.

These two problems have a consequence, that is, it is very difficult to reorganize production elements and the existing structure has lost its elasticity, becoming seriously congealed. The economic development of a country calls for not only an expansion of the general scale of production but also a continued improvement in the structure. The former mainly refers to a quantitative change but the latter can all the more generate a noticeable leap. Only when the scale of production is expanded on the basis of an improved structure can the economy better develop.

Judged from the objective laws, the process of achieving an optimum structure is a dynamic process. The structure of production, technology makeup, organization pattern, and the product mix are constantly undergoing a process of evolution along with technological progress and changes in demand. Not being rational, our current structure needs readjustment. After being readjusted, it cannot be inflexible. Nothing can be done once and for all in this regard. Nevertheless, since our enterprises can only "survive" and not "die" and our assets in stock can only be increased and not circulated, our structure can therefore be readjusted by relying on the distribution of the increased amount of assets. That assets in stock are not movable impairs the effect of readjusting the structure by the distribution of increased asset investment in two ways: 1) The distribution of the increased amount of assets can only support enterprises that need development but cannot eliminate unnecessary enterprises whose continued existence affects on the whole the perfection of our structure and 2) maintaining unnecessary enterprises needs some funds that could have been used to support enterprises that need development. Hence, at least some of the increased amount of assets is used in places where it should not be used. This plays a negative rather than positive role in achieving an optimum structure.

What merits attention is that under enterprise contract management, every enterprise is in reality required to further develop on the basis of what has been achieved. This being the case, the use of the increased amount of assets has to be accommodated to the existing status quo. This will solidify rather than change the existing structure and even further worsen the already irrational structure. Things have been very clear: The deepening of the reform should result in the formation of a mechanism able to accelerate the flow of assets in stock. If this problem is not solved, it will be impossible to reorganize production elements and very difficult to achieve an optimum structure.

Management and Asset Unification [subhead]

Management under contract (lease) and management with joint stocks in enterprises as well as enterprise merging emerged in the course of reform are effective forms for promoting the flow of assets in stock.

The contracting or leasing of enterprises means that in a certain period of time, the management rights of the enterprises that are taken under contract (lease) are transferred to the contract (lease)-holding enterprises which put the former under unified management. Hence, there is management unification. As management is unified, contract (lease)-holding enterprises are in a position to reorient the products of the enterprises they took over. Under these circumstances, although the latter's assets in stock do not flow in terms of space, in reality some of their capacity to produce a certain product is shifted to the production of another product. As a consequence, there is a flow of assets in stock in terms of use orientation. For example, a transformer manufacturing plant in Shenyang took over a crane electrical equipment plant under contract. According to the unified plan worked out in light of their own conditions, the latter's production capacity was shifted to the production of transformers. This is the flow of assets in stock in terms of use orientation. Such a flow of assets in stock will be difficult to achieve by merely the reliance by the crane electrical equipment plant on the implementation of a contract system if not taken over by another enterprise.

In most cases, more often than not, the reorientation of products calls for a simultaneous readjustment in factory buildings, equipment, and personnel or a reorganization of production elements. It is impossible to reorganize production elements by just relying on management unification, because both sides still assume an independent business accounting and are independent legal entities. To reorganize production elements, it is necessary to put assets under unified management. In other words, the assets of enterprises on both sides should be made into one whole. This will help promote a flow of assets in stock in terms of both use orientation and space. This is a flow of assets in stock at a deeper layer.

There are two ways to achieve such a flow through asset unification: enterprise merging and management with joint stocks. Enterprise merging refers to the fact that the owner of an enterprise buys the property rights of another enterprise and asset unification is achieved through the transfer of asset rights. Management with joint stocks refers to the fact that the owner of an inferior enterprise buys the shares of a superior enterprise using its assets in stock as capital. In this connection, no transfer of asset rights is involved but asset unification is achieved through share purchases.

To sum up, the flow of assets in stock is carried out in two different layers, deep and shallow. The flow of assets in stock at a shallow layer means the unification of

management and its manifestation form is management under contract or lease while the flow of assets in stock at a deep layer means the unification of assets and its manifestation form is enterprise merging and management with joint stocks. In terms of the needs for reorganizing production elements and improving the structure, asset unification is superior to management unification, but considering people's current mentality and ability to withstand strains, it is not necessary to insist on striving for the unification of assets and it may be more practical to regard the unification of management as a transitional step.

Individual Effect and Group Effect [subhead]

Practicing management under contract in all enterprises will help improve enterprise operation mechanisms and produce individual effects. The contracting and merging of enterprises will help form a mechanism able to promote the flow of assets in stock and thus produce group effect. This group effect is manifested mainly in the following ways:

First, the economic results have been raised as a group. Currently, a large number of enterprises are operating in the red, incurring losses in economic results while another large number of enterprises that need development have failed to get necessary financial support, thus hindering their attainment of better economic results. Management under contract in enterprises can only solve problems on an enterprise-by-enterprise basis. However, the contracting and merging of enterprises can simultaneously solve the problems of two or more enterprises. This form will not only help the enterprises that have come to the end of their rope find a new way out and turn losses into profits but also help create conditions for the enterprises that need development to increase production and revenues. This means increasing the economic results as a group.

Second, group quality has been improved. Enterprise quality includes material and technological conditions and enterprise culture. Material and technological conditions refer to such factors as technology, equipment, and the competence of personnel and enterprise culture refers to such elements as long-established practice and work style, mental attitude, and codes of conduct accepted through common practice. Contract management in enterprises also can promote the enhancement of enterprise quality but it can only solve the problems of a single enterprise. The contracting and merging of enterprises can simultaneously raise the quality of both enterprises involved: 1) After enterprises are contracted or merged, the enterprise culture of a superior enterprise can be instilled into, affect, and transform the enterprise culture of an inferior one and 2) the assets in stock of an inferior enterprise can flow into a superior one and the funds designated to maintain the survival of inferior enterprises can thus be used in developing superior enterprises.

Third, the overall structure has been improved. The contracting or merging of enterprises under the industrial departments that need no development by enterprises under the industrial departments that need development can help improve the structure of production; the contracting or merging of the enterprises whose products are unsalable by the enterprises producing marketable products will help improve the product mix; the contracting or merging of the enterprises whose managerial and technological expertise is backward by the enterprise with management and technology of a high level will help improve the technological makeup; the contracting or merging of the different enterprises churning out the same products will help improve the scale structure, and so on and so forth. Generally speaking, the contracting of enterprises, in particular, the merging of enterprises, will help the assets in stock of inferior enterprises to flow into superior ones and help enterprises concentrate their assets and operate on a rational scale; will help develop social division of work and cooperation and raise the level of specialization; and also will help bring the strong points of localities into play, change their structures of production, and gradually assimilate their product mixes.

Concept Upgrading and Policy Support [subhead]

Concept upgrading and policy support are indispensable to the promotion of enterprise contracting, in particular, enterprise merging. Moreover, in most cases, only when leading cadres and leading bodies upgrade their concepts can they render policy support.

First, we must be clear that the economic development in a socialist country also needs enterprise merging. Enterprise merging will have two results: 1) superior enterprises will "swallow up" inferior ones, turning negative into positive factors and 2) different enterprises can make up their weaknesses using others' strong points, turning individual into group strong points. These two results are necessary for the economic development of any countries, no matter what economic formations they pursue. In the past enterprise merging was viewed as a phenomenon peculiar to capitalist countries and as a matter of fact, it has never been seen in any socialist countries, because they have not yet carried out economic structural reform. Now things are different. Economic structural reform is bound to lead to competition and competition to enterprise merging. As such, the mentality of fearing and rejecting enterprise merging should be cast away and enterprise merging regarded as a normal phenomenon under normal circumstances. Only with this understanding can we actively study and work out a policy of promoting enterprise merging. Second, we should understand enterprise invigoration from an overall point of view. Invigorating enterprises is, overall, the key link of the urban economic reform. As the structure needs continued readjustment and especially when the current structure is quite irrational, it is, in fact, impossible and unnecessary to invigorate all enterprises. The continued

"survival" of either enterprises whose products are unmarketable and quality poor, enterprises that fail to operate on a certain scale, enterprises which are mismanaged, or enterprises which are themselves redundant will be harmful and not helpful to the entire national economy. The problem facing these enterprises is that of being merged and not that of invigoration of vitality. Ideologically, only when we admit that some enterprises will "survive" and others "die" or some enterprises will develop and others perish can we support superior enterprises in "swallowing up" inferior ones and only when we admit that enterprise invigoration is not an universal demand for all enterprises can we enthusiastically support enterprise merging and invigorate enterprises as a whole. With this new understanding, we should study and work out new policies to solve numerous existing problems. For example, in policy terms, we should allow money-losing enterprises to be merged rather than "save" them by simply subsidizing them. Enterprises which are neither superior nor inferior should be encouraged to buy other enterprises' shares and put themselves under management with joint stocks so as to offset their weaknesses using others' strong points and not just fill up the gaps. We should support enterprises which fail to operate on a certain scale and carry out redundant production in merging or being merged by other enterprises so that they can achieve a moderate scale of operation instead of supporting them in expanding the scale of their operations.

Third, we should broaden the connotation of investment in fixed assets. As we understand it now, investment in fixed assets has two contents: capital construction investment and technological transformation investment. With the emergence of enterprise mergers, as an aggregate of production elements, an enterprises can be traded. Therefore, we should be ideologically clear that investment in the purchase of enterprise property rights is also part and parcel of investment in fixed assets. In this connection, like investment in other fields, we should put investment in enterprise property rights purchases under unified management and treat them equally. Moreover, we should pursue a preferential policy toward investment in enterprise property rights purchases, because it can better embody the demand of reproduction by intention.

Fourth, we should create the conditions to open up the market for property rights transfers. The existing enterprise mergers are mostly organized through competent government departments acting as a go-between. Hence, enterprise merging is unavoidably subject to the restrictions of different regions and departments. It is, in fact, enterprise merging in the initial form. Without property rights transfer markets, the removal of the barriers between different regions and departments and the realization of enterprise merging on a social scale will be out of the question. Therefore, we should be ideologically clear that apart from developing markets for commodities and production elements, it is also necessary to open

the market for enterprise property rights transfers. Active efforts should be made to create conditions to set up a market for property rights transfers.

Price, Wage Reform, Property Rights Viewed
HK2208001588 Beijing JINGJI RIBAO in Chinese
5 Aug 88 p 3

[Article by Guo Yan (6753 6056): "Tentative Ideas on Reform of the Price, Wage, and Property Right Systems"]

[Text] Abstract: China's reform has entered a crucial period. The main task is to pass the barrier of price and wage reform. However, a major readjustment of the price system alone cannot smoothly resolve the efficiency of macroeconomy and microeconomy. It will also be difficult to straighten out the distorted prices. Some countries' experience has proven that the problems of inflation, excessive consumption, scattered investment, small-scale economies, and nobody attending to public property cannot be fundamentally solved by merely straightening out the distorted prices. Hence, while working out plans for price and wage reform, we should take into account integration of the property right system with price and wage reform and further straighten out the interest forming mechanism while readjusting the price system. In this article the author has expressed his personal views on the issue. This article is also a constructive plan for price and wage reform. [end abstract]

The Situation and Orientation of Economic Reform
[subhead]

Generally speaking economic reform in socialist countries should go through the following three stages: First, the stage of gradually breaking with the old system; second, the stage in which the factors of both the old and new systems coexist and neither side is ready to yield; and third, the stage in which a new system is established and perfected. On the whole China's economic reform has reached the second stage, namely, the middle of economic reform. It is extremely important to master the laws governing the development of economic reform at this stage. Otherwise, it will be impossible to guide the normal development of reform with exquisite leadership and avoid major setbacks.

In the second stage of economic reform, there is usually a great pressure in society which tends to regress to the old system. The current situation of China's reform has proved this point. Therefore, only by properly selecting the target and measures for reform at the next stage can reform embark on the normal path and have bright prospects. If this step is not properly taken, reform will remain at the original stage for a long time and society will have to pay a heavy price.

International experience shows that "middle term reform syndrome" may easily occur in the second stage of economic reform which is manifested by sharp price

increases, inflation, and an increase in various social problems. All this appeared in the socialist countries, including Yugoslavia, Hungary, and Poland, which entered the middle term of reform.

"Middle term reform syndrome" appeared in China because of the following reasons: First, the difficult problems that needed to be solved at the previous stage were left unsettled which increased the negative effects and gave rise to a series of new problems. For example, the barrier of price reform was not removed at the first stage but left to the second stage. Second, the major policies introduced at the previous stage lacked corresponding measures. As a result, the individual reforms could not "take their places." While the old system was no longer effective in exercising control over the economic activities, the new system could not play an effective role. As the mechanism for economic life was not established, many new problems cropped up. Third, a consensus was not reached on the major reforms to be carried out at the second stage. In other words, there was a shortage of reform measures and no preparations were made in theories and policies. Fourth, the external environment or situation was unfavorable to us. For example, the price of some imported goods increased while the price of goods exported by China dropped in the international market. In addition, the rise of protectionism affected China entering the international market.

These problems should be properly dealt with in the middle term of reform. We should first divide them into primary and secondary problems and then put emphasis on the primary one. The primary problem can be attributed to the two layers of economic structural reform, namely, the reform of the economic operation mechanism is not properly integrated with the reform of the property right system. We know that reform of the economic operation mechanism mainly involves market parameters and rules. Since it is directly related to wealth production and increase in people's incomes, it can start easily. Therefore, reform of the operation mechanism should be the focus of the first stage of economic reform. Reform of the operation mechanism includes reducing the scope of mandatory planning, expanding the decisionmaking powers of enterprises, introducing the market mechanism, price reform, substituting tax payment for delivery of profits, and establishing lateral ties. Reform of the property right system involves two main sectors: State assets and assets not belonging to the state. The main target is to transform the unified state assets into diversified public assets in order to create a diverse property operation body conforming to the development of a commodity economy. The task of this reform is arduous. It includes development of various ownership relations as well as diversification of state ownership and transformation of the property right operation system. The separation of ownership from right of operation in the public economic sector and the implementation of the contract system constitute the initial reform of the property right system.

Price reform occupies a very important position in reforming the economic operation mechanism. According to the logical order of reform, price reform which straightens out market signals should be the principal task in the first stage. To this end, we carried out numerous individual reforms in readjusting prices at the first stage. For subjective and objective reasons, however, we have not yet removed the barrier of price reform. The delay in reforming the prices of the means of production and rent for housing has exerted a sustained negative influence on readjustment of the economic structure as a whole, which constitutes an essential reason for the structural shortage. To date there is still a strain in China's communications, energy (mainly electricity), and raw materials and there are difficulties in reducing the scope of mandatory planning. The essential reason lies in the relatively low prices of the basic means of production which cannot attract and encourage investment from various channels to realize a balance of supply and demand in these departments. The irrational housing rent has made it difficult to meet the great demands for houses and form a rational consumption structure. For this reason, it is necessary to resolutely carry out price reform at the second stage.

Experience in reform shows that the major readjustment of the price system alone cannot ensure the efficiency of macroeconomy and microeconomy and fundamentally resolve the question of distorted prices. The experience of some countries has proven that the problems of inflation, excessive consumption, scattered investment, small-scale economies, and nobody attending to public property cannot be fundamentally solved by merely straightening out the distorted prices. For this reason, we cannot press on towards the target of economic reform merely by reforming the operation mechanism and accelerating the market's progress. In the second stage of economic reform, another important task is to further straighten out the interest forming mechanism, that is, introduce reform of the property right system.

In China enterprises owned by the whole people belong to the state in a unified manner. Under the framework of such a property right system, it is impossible to request the state-owned enterprises to totally separate ownership from the right of operation for the sake of carrying out independent operation and assuming sole responsibility for their profits and losses. This is because: Unlike ordinary enterprises in a commodity economy, state-owned enterprises constitutes a "two-in-one" combination of operator and producer rather than the "three-in-one" combination of owner, operator, and producer. This is an essential feature of the ownership economy ignored or overlooked by the public. Hence, it seems that the state-owned enterprises that have separated ownership from the right of operation have assumed sole responsibility for their profits and losses. Actually, they assume responsibility only for profits but not for losses. Enterprises losses are ultimately manifested in a loss of state property. The existence of the big pot in public assets is the root cause of the softening of enterprise and

social budgetary restriction and of a series of defects. Unless this problem is settled, it will be impossible to resolve the problems of inflation, excessive consumption, and nobody attending to investment and to attain the target of economic reform.

If these economic defects are to be eliminated, the reform of the property right system is the only way out. Naturally, the objective of the reform of the socialist property right system is to replace the existing property right relationship that does not conform to the development of a commodity economy with a new type of property right relationship rather than changing the whole public system to a private one. Since the socialist state performs the functions of an owner, in addition to the governments at all levels, no enterprise or enterprise organization can serve as the main body of public property right representing the people. Hence, a possible and even inevitable choice is to change the unified state-owned property right system to a competitive, diverse public property right system, namely, property owned by the state should be changed to property owned by the central, provincial, city, and county authorities. When the property right is redefined by the laws, the relative property right bodies should carry out independent operation and assume sole responsibility for their profits and losses. As social managers and the main bodies of property right, the governments at all levels should separate the functions of social management from the main bodies of property right and extensively organize public asset groups or central and local financial groups in the form of investment companies so that they can manage funds of the whole society and also establish a new microscopic and development mechanism in their capacity as owner of public property in enterprises. Although the recent practice of provinces and cities undertaking responsibility for their own finances shows that this process has started, taking responsibility for one's finances merely means contracting the regional comprehensive output capacity which encourages local investment and intensifies the excessive investment. It cannot arouse concern of the localities over financial management nor has it created a nationwide mechanism of rational distribution of property rights. Hence, it is just a reform in the transition from a unified to a diverse public ownership.

Thus it is necessary to make strenuous efforts to eliminate the "middle term reform syndrome" in the second stage of economic reform and effect a change from state ownership to competitive public ownership. The crux of the matter lies in the specific steps. Our basic lines of thought and strategy are: First, deepen price reform and reform of the property right system and exercise control over inflation in an all-round manner. Second, in price reform, first take big steps and then take small ones, and in the reform of the property right system, first take small steps and then take big ones. Third, the short-term coercive measures against inflation should be well-coordinated with price reform to keep market fluctuations under control. Fourth, the initial reform of the property

system should focus on converting some of the reserve funds to circulating funds controlled by the government to support price reform and check inflation. The latter stage of the reform of the property right system should be focused on reforming the structure and laying the foundation for a new system.

Price Reform [subhead]

In light of past experience and predictable consequence and effect, the following principles should be implemented in price reform: First, the principle of giving priority to short-term projects. Give priority to the reform of the prices of transport and communications, electricity, and raw materials so that these departments can become trades with better investment returns and investment attraction. Second, the principle of the producer setting the prices. The competitive producers should directly decide on the retail price of the products in light of market demand. Economic means should be adopted to remove the unnecessary commercial links and the normal commercial operation expenses should be deducted by the producer. Third, price adjustment of monopoly products should be controlled by the government.

In light of the above principles, the reform of the prices of various products should be carried out through the following methods:

1. The prices of capital goods, communications, and transportation should be readjusted or the price controls should be lifted so as to maintain a balance of supply and demand and increase the ability to pool funds for development. Apart from the railway transport prices which will be adjusted by the central authorities, restrictions on the means of production should be lifted and the price differences should be delivered to the central authorities. Meanwhile, the base figure contracted by the production and marketing areas should be duly readjusted.

2. The purchase price of grain. The current grain market is stable. As there is a great difference in production costs and market conditions between various localities, it would be inappropriate to adopt a unified method in readjusting the prices. A feasible method is to contract the grain operation subsidies of all provinces and then lift the controls on allocated prices between various provinces. Whoever consumes grain should pay for it.

3. The price of nonstaple food. Following the price increases in nonstaple food at various localities this year and a change from "hidden subsidies" to open ones, if the increase in the purchase price of grain remains within a certain range, the marketing price of meat and eggs will be maintained. If the price increase exceeds the limit, the prices of meat and eggs will go up correspondingly.

4. Housing rent and marketing price of grain and edible oil. Rationality of prices in this regard will mainly affect wage cost. Of this, it is recommendable that the reform

of housing rent be solved at a stroke or a portion increased annually for 5 years which should be made known to the masses. The prices of grain and edible oil should be introduced later and be resolved in one or two strokes.

It should be noted that if the profits and taxes of the finished products are not readjusted and if the high tax rates are not maintained when the prices of primary products are increased, it will inevitably lead to a new round of spiraling prices. In addition, the price readjustment of the primary means of production will be deprived of its effects. Therefore, it is absolutely necessary to readjust the tax rates.

The changes in prices should also be coordinated with wage readjustment. The indices of retail prices and workers' cost of living expenses will increase remarkably when the prices are readjusted. Because of the price increases in housing rent, the marketing price of grain and edible oil, and urban public utilities in this process, the workers' cost of living expenses will increase. Hence, while carrying out structural readjustment it is necessary to introduce compensatory wage reform. We should not equate this with inflation. The changes in the prices of energy, communications, and raw materials will not produce a great impact on the prices of consumer goods. Unless a serious inflation takes place, the influence of reform on workers' living expenses will be limited. So long as we can properly conduct the work of wage readjustment, reform will proceed smoothly.

The reform of the circulation organizations and means of commodity transaction in coordination with price reform also constitutes an indispensable link. A rational commodity price parity can be realized through competitive operation only when the price controls are lifted. One of the essential reasons for the rising circulation expenses over the years is monopolized operation by the state-run commercial wholesale and material supply departments. Hence, it is necessary to simultaneously transform the state commercial and material supply enterprises and bring about a competitive environment. To avoid fluctuations of some products, it is necessary to develop new forms of commerce which include signing long-term and future contracts.

The Reform of the Property Rights System [subhead]

As mentioned previously the target of the reform of the property rights system is to make the property rights of public assets transparent and diverse, put an end to the confused state of property rights of public assets and the situation of no one undertaking any responsibility, and straighten out the economic operation mechanism and establish a mechanism restricting the property interests of the central authorities, localities, and enterprises. It is necessary to establish a new, overall circulation system ensuring macrocontrol and regulation by the state through effective operation of the reserve and flow of

economic resources and lay a structural foundation for the long-term, steady development of the national economy. To this end, we should create conditions from various fields.

To settle the assets, it is an essential link of the reform of the property rights system to divide the assets or shares between the central and local governments and define the ownership of assets of state-owned enterprises. The following methods can be adopted in dividing and defining the property rights: First, trace the source of investment, that is, enterprises invested by central finance belong to the state while enterprises invested by local finance belong to the local governments. Second, the delivery of profits and taxes and proportional retention defined in light of the responsibility taken for their own finance between the central and local governments should be regarded as the property rights income of each side; the share of the property rights of assets should be divided according to this method. The assets of enterprises formed in recent years through tax reduction, sharing of profits, and repayment of loans before paying taxes also proportionally belong to the central and local governments. The rules and methods for determining the property rights of the various level governments under the provincial authorities should be laid down along these lines. When the share of property rights of the governments at all levels are redetermined, the enterprise property rights relations and financial structure should also be reformed. The composition and proportion of shares within large- and medium-size enterprises should be determined according to the principle of shares held by the central authorities and localities, the central authorities exercising control over the principal industries, and the localities exercising control over other enterprises and a mechanism of the central authorities and localities financially integrating their interests and jointly undertaking risks should be established. Income from the property rights of the central authorities belongs to central revenue, while income from the property rights of the localities belongs to local revenue. Transparency of property rights and reform of the taxation system should be carried out simultaneously with decentralizing financial taxation and interests (dividends), reducing product and income taxes, and abolishing regulative taxes. Income from taxes goes to revenue. As a source of regular expenses, it is used to maintain government administrative undertakings and for education and national defense spending. Income from property rights goes to the assets management departments and operative entities at all levels. It is mainly used to expand reproduction. A body to restrict the property of the governments at all levels should be established and a competitive, diverse public economy should take shape on this basis.

—The share of assets among the provinces will be regulated by the central authorities in a unified manner.

—The governments at all levels will set up a number of asset operation companies or investment companies and assess and exercise supervision over their activities and

appoint or remove managers through the asset management departments. The asset companies perform the functions of ownership on behalf of the government and undertake responsibility for the integration and appreciation of the asset. Their main tasks include operating capital, making investment, and transferring stock ownership in light of the industrial policy and the principle of increasing efficiency.

—Following the establishment of the assets operation companies, the assets of enterprises are possessed by the asset operation companies representing the central authorities and localities, respectively, or jointly possessed by the asset operation companies and individuals representing the central authorities and localities. Enterprises are no longer organizations under any administrative department. The relations of rights, responsibility, and benefits between the asset operation companies and enterprises are determined in light of the operative needs of the assets.

—Establish a market for transferring property rights or shares and bring about enterprise expansion and mergers through the buying or selling of property rights and stock ownership. Effectively restrict the property of owners, readjust the industrial setup and organizations through the readjustment of stock ownership or property rights, and attain the best reorganization of social economic resources.

—Deepen the reform of the rural land system. On the premise of defining the collective ownership of land, the contracts should be legally changed to land rent contracts which clearly define the right of ownership and use of land by the peasant households within the term of the land rent contract. The transfer of the right of use of land through the transfer of land rent contracts in the market should be allowed and a mechanism to duly concentrate land and carry out intensive farming should be established to reduce the costs of farm produce through economies of scale.

Integration of Price Reform and the Reform of Property Rights System With Measures Adopted To Curb Inflation [subhead]

The upcoming price reform in China is very much like the price reform carried out in Yugoslavia in 1965, that is, the method of combining readjustment with the lifting of price controls is adopted to resolve the question of the low prices of means of production. The reform in Yugoslavia was a failure which resulted in: On the one hand, the target of straightening out the distorted prices was not attained. Although the prices of primary products rose by a wide margin (over 20 percent) at the beginning of the reform and the price of processing industry remained stable (increased by only 8 percent), starting that very year prices went out of control, the spontaneous increase in manufactured goods far

exceeded that of raw materials and semi-finished products while the price increase in the means of consumption outstripped that of the means of production, giving rise to "parity regression." On the other hand, it also led to a long-drawn-out inflation and a turn for the better has not yet been effected. Moreover, it further intensified the control over prices. We should draw a lesson from the failure in Yugoslavia's price reform.

The key to preventing the "Yugoslav disease" from taking place in China's price reform lies in avoiding the environment of all-round price hikes, namely, avoiding inflation. This is the primary condition for preventing a failure in price reform and ensuring that the second stage of reform will proceed smoothly. To this end, we should do the following well:

1. Continue to exercise control over demand. In the years when price reform is carried out, the policy of exercising control over and curtailing capital construction should continue to be implemented. Regarding consumption funds, first, it is necessary to keep group purchases strictly within control; second, the central authorities should exercise control over the amount of subsidies which are linked to the prices; and third, adopt various measures to convert the consumption funds to bank savings and maintain a steady level of bank savings.

2. Tighten the supply of currency and introduce the bankrupt mechanism. To check inflation, it is necessary to exercise strict control over the supply of currency, particularly over economic growth. The increase in the supply of currency because of price readjustment factors should also be tightened. Tightening the currency supply will force the poorly managed enterprises to go bankrupt.

3. Promote transfer of property rights and mergers among enterprises, increase the capacity of enterprises to bear price reform, and ensure effective supply.

4. Sell by auction and transfer some state assets (which include selling small enterprises, real estate, and shares of large enterprises), increase the financial resources that can be allocated by financial departments during reform, absorb the consumption funds that may possibly disrupt the market, and make the most of the limited investment.

NONGMIN RIBAO Editorial on Rural Reform

HK2308022188 Beijing NONGMIN RIBAO in Chinese
11 Aug 88 p 1

[Editorial: "Work in Concert To Surmount the Difficulties in Rural Reforms"]

[Text] It is high time to call on people to take the overall situation into consideration and, bearing the cardinal principles in mind, work in concert to surmount difficulties in rural reform. This must not be treated as a cliché. Instead it is of important and practical significance to discuss this question now.

After a golden age lasting many years China's rural reform has now arrived at a stalemate with various contradictions emerging between town and country and between different departments. Disputes and conflicts have been aggravated between the new and old structures, as the reform has been upgraded to the higher level of interest readjustment.

Although the secondary and tertiary industries, where township and town enterprises play a main role, have been booming during the past 2 years and have helped to maintain a general prosperity in rural areas, the serious difficulties in rural production still must not be overlooked in the economic field. Grain production continues to stagnate; the shortage of such nonstaple foodstuffs as meat, eggs, and vegetable has not been eased; the prices of such farm-oriented industrial goods as chemical fertilizer, agricultural chemicals, and plastic film have risen so drastically as to go beyond that which the peasants can afford; investment in agriculture has decreased; conditions for production, such as water conservation facilities and soil fertility, have become worse; and the peasants have shown little interest in grain production as the procurement prices for grain and other major farm products are on the low side....

What attitude should we take toward all these annoying problems?

General discontent among people with the various problems which emerge in the course of reform are understandable. However, it would not be tolerable if a cadre or a CPC member simply aired his discontent without taking any action to deal with the problems. If no positive action was taken, complaints and grievances would in effect undermine morale and produce a negative influence, and the existing problems will never be solved but only aggravated. Reform is actually a revolution and a common cause for the hundreds of millions of Chinese people throughout the country. As the old saying goes: "Everyone shares responsibility for the fate of his country." Nobody should stay aloof from the reform, remaining an outsider indifferent to any problem emerging in the reform, and airing grievances or even wantonly criticizing reform.

Adopting a correct attitude, we should bear the cardinal principles in mind and take the overall situation into consideration while squarely facing the actual existing contradictions and difficulties. We should also make positive efforts to eliminate contradictions and overcome difficulties in our own positions.

Perhaps some comrades may say that the present problems in the rural reform and the contradictions in agricultural production can only be solved through policy and strategy adjustments by the central authorities, and a single township, a single county, or a single area is not capable of dealing with these affairs. This view is neither completely wrong nor completely correct.

Many problems do indeed need to be resolved by the central authorities in a unified way. But how do the central authorities make the decision? A decision is not made by a single leader or several leaders based on subjective imagination, but worked out in light of the actual circumstances and the experience drawn from practice in different places. But not every problem has to be solved by the central authorities. For example, consolidating and improving the output-related system of contracted responsibilities on a household basis, dredging circulation channels, trying various methods of becoming rich, protecting farmland, lightening the peasants' burden, checking the malpractice of seeking personal interests through official power, and so on. All these can be achieved within the varying scope of the local authorities. It must be specially pointed out here that although the central authorities have drawn up a series of policies as rural reform guidelines, many places have not yet thoroughly and properly implemented these policies. In this connection, how can local authorities excuse themselves by saying that they can do nothing to solve the problems?

Even if problems that need to be solved by the central authorities are involved, it is not true that local authorities can do nothing. Take the straightening out of the grain price for example. Undoubtedly this was a problem to be dealt with by the central authorities. However, even in this case, local authorities can still do something to help solve this problem before the central authorities manage to do anything. In saying this we mean that local authorities can make decisions on their own in light of the guidelines laid down by the central authorities and adopt some necessary measures to mitigate the contradiction arising from the excessively low price of grain. For example they can take action to: Popularize advanced technology; provide good social services; successfully supply chemical fertilizer, agricultural chemicals, fine-quality seeds, and other important capital goods; introduce moderate scale operations in light of local conditions; help the peasants reduce production costs; create a relatively high labor productivity and land output rate; and thus narrow the gap in relative profit between grain production and other lines of production. Local authorities in many areas have been doing this. Taking the overall situation into consideration, they do not complain and stand idle. Instead they have mainly relied on themselves to create a local environment that helps maintain and raise the peasants' morale in growing grain. Their spirit of initiative is highly recommended.

So, after all, we must have the cardinal principles in mind and take the overall situation into account when trying to surmount the difficulties and solve problems in rural reform. By doing so we will be able to cultivate a spirit of unity so that we will feel that "everyone shares responsibility for the fate of reform" and will take the initiative in joining the reformatory ranks to make our due contributions. Otherwise we may become onlookers making complaints, airing discontent, or even feeling pessimistic and disappointed whenever we encounter difficulties.

We firmly believe that so long as we unite as one we will definitely be able to overcome in turn the difficulties in our way ahead and the rural reform, which represents the need for development of the productive forces and the desire of the 800 million peasants, will surely be led to a new stage of development.

Grain Cultivation Area Drops by 13 Million Mu
HK2308024988 Beijing ZHONGGUO XINWEN SHE
in Chinese 0838 GMT 22 Aug 88

[Report by Jin Xiaolin (2529 4562 2651): "The Area Cultivated With Autumn Grain Crops Drops by 13 Million Mu in China This Year"]

[Text] Beijing, 22 Aug (ZHONGGUO XINWEN SHE)—With a reduced cultivation area of autumn grain crops, there is no ground for optimism in the situation of China's autumn grain production this year.

Statistical data released by the relevant department shows that China's cultivation area of autumn grain crops this year is 1,057 million mu, a drop of 13 million mu over last year. Of this, Heilongjiang Province reduced its sown area by 8.4 million mu and Shandong, Henan, Liaoning, and Shanxi Provinces have reduced their sown areas by more than 1 million mu respectively.

According to analysis by the relevant department, the reasons for a reduced cultivation area include low grain-growing returns and a steep rise in the prices of the means of agricultural production. The phenomenon of grain fields lying fallow has emerged in some localities.

Moreover, serious drought and waterlogging also constitute important reasons for the reduction. Due to spring waterlogging, more than 4 million mu of cultivated land cannot be sown in Heilongjiang and the sowing time of various farm crops has been delayed by 7-15 days. In 17 provinces and regions severely hit by drought, the sowing time of autumn grain crops has been delayed by 10 days, which seriously affects the development of grain production.

A few days ago, China's agricultural departments reminded various localities of the need to take energetic measures in order to fulfill the grain production task this year.

Drafting New Program on Land Use Begun
HK2208150588 Beijing CEI Database in English
22 Aug 88

[Text] Harbin (CEI)—A conference was held here recently to draft an overall program on land use in China.

In China, where population overweights [as received] land, the arable land per capita is equivalent to roughly one-third of the world average.

Along with the growing population and the development of the national economy, demand for land use is bound to grow, with the population vs. land situation to be

more acute. An overall program is thus considered necessary to ensure the protection and more rational use of the limited land resources.

Initiated in 1987, the draft is expected to come out by 1990. meanwhile, 11 provinces, autonomous regions and municipalities have started drafting similar programs of their own.

Beijing Subway Expansion Runs Short of Funds
HK2308034688 Beijing CHINA DAILY in English
23 Aug 88 p 1

[By staff reporter Yang Rongqi]

[Text] Beijing's ambitious plan to expand its subway system is running into a shortage of funds, hampering what is seen as the best solution to the city's worsening traffic problems, say Li Zhencheng, Assistant Managing Director, and Wang Wanzhong, an engineer of the Beijing Subway Corporation.

Facing a daily load of 3 million urban commuters and 1.15 million transients, the city government has a plan to construct six more subway lines in addition to the existing 40 kilometres of track.

"Subway riders increased 58 percent over last year. During rush hours, we carry 18,000 people per hour which is beyond our capacity and poses a potential danger," they said.

A new 12-kilometre subway linking Fuxingmen on the west side of the city and Bawangfen on the east is expected to be the first new line to open. The first phase of this project—being deep-tunnelled from Fuxingmen to Xidan—is expected to be completed by the end of the 1989, and then extended to the eastern suburbs.

This project, including updated facilities and subway overpasses in Xidan and other intersections, will cost more than 1.2 billion yuan. The Central Government will invest more than 600 million yuan and the rest will be loans with low interest rates.

If the prices of raw materials continue to rise, they said, the estimated construction cost of about 100 million yuan per kilometre will surpass the finances of the expansion project, which has already failed to raise sufficient funds.

The Central Government allocates tens of millions of yuan yearly to support the subways, which have become a heavy burden on the government.

In addition, updated subway facilities and funds are badly needed.

All these problems need immediate settlement. "If they are not solved, they can lead to serious accidents," they said.

East Region

Fujian Sets Up Taiwan Oriented Trade Areas *HK2208151388 Beijing CEI Database in English* 22 Aug 88

[Text] Fuzhou (CEI)—Fujian Province, east China, has opened a number of trade and processing areas in its coastal counties and cities for investors from Taiwan.

The processing areas cover 32 counties and cities including 80 industrial satellite towns along a narrow 1,000-kilometer-long belt from Zhaoan County in the south to Xiapu County in the north.

At present, seven processing areas are under construction in Zhangzhou City. The City of Quanzhou is ready to build 26 processing areas along the Quanzhou Bay, including a 28-hectare area in Chongwu Town, Weian County. The city of Putian is getting ready for the development of the Meizhou Island and the Meizhou Bay.

Fujian's Quanzhou City Increases Joint Ventures *HK2208150788 Beijing CEI Database in English* 22 Aug 88

[Text] Fuzhou (CEI)—Quanzhou City in China's Fujian Province had 82 more joint ventures set up during the first half of this year, a 3.2 times increase over the same period of 1987.

Meanwhile, 9.33 million U.S. dollars of foreign investment have been utilized in these joint ventures.

Up to the end of last June, 301 joint ventures were endorsed in the city with a total investment of 554 million yuan, including 102 million U.S. dollars of foreign funds. Among these enterprises, 174 have become operational.

Quanzhou, a coastal city in east China, now boasts a broad transportation and tele-communications network, with its sea route reaching Quanzhou, Dalian, Hong Kong and Japan. Its Xiaocuo Port with a capacity tonnage of 10,000 is under construction, while the track-laying of the new Zhangping-Quanzhou railway has reached Anxi.

Quanzhou-Xiamen-Putian's Jingshan transformer substation of 220,000 volts has been put into operation. Also, with the city's 12,000 program-controlled telephones, calls can reach all big Chinese cities, and 19 foreign countries and regions in the world.

Jiangsu Congress Standing Committee Meets Press *OW2308045388 Nanjing Jiangsu Provincial Service* in Mandarin 0915 GMT 20 Aug 88

[Text] The Standing Committee of the provincial People's Congress held its first news briefing this morning in Nanjing.

At the briefing, Secretary General Bai Yun announced that the Standing Committee of the provincial People's Congress has instituted an official news briefing system pursuant to a decision adopted at a chairmanship meeting. He said: The establishment of the news briefing system is an important measure to increase the openness of the activities of the local organ of power and make them known to the public. Under this system, the Standing Committee of the provincial People's Congress will hold news briefings at appropriate times to let the people throughout the province know its major activities, keep them informed of its important work plans and, at the same time, widely solicit and accept suggestions from the masses. The purpose is to exercise more successfully its power and functions as stipulated in the Constitution and other laws on behalf of the people.

Regarding the work in the 2d half of this year, Secretary General Bai Yun announced: The work of the Standing Committee of the provincial People's Congress will continue to be centered on developing productive forces. Currently, in accordance with the important reform measures announced by the central authorities, the Standing Committee of the provincial People's Congress will give prominent attention to deepening reform and, at the same time, make every effort to serve the needs of the strategy of developing the economy in coastal areas and the establishment of a new order, based on the commodity economy. In view of the serious problems in some localities of noncompliance with the law, failure to enforce the law strictly, and law offenders being left unpunished, it will give priority to gearing up the examination and supervision over law enforcement and the supervision of work in other fields, while stepping up local legislation, especially the study, formulation, and enactment of various economic laws and regulations. In addition, the Standing Committee of the provincial People's Congress will hear and discuss reports from the departments concerned and examine the implementation of various laws and regulations, including the Law on Sino-Foreign Joint Ventures and other economic laws and regulations. Regarding work supervision, it will hear, and discuss, reports of the provincial people's government on the implementation of the 1988 economic and social development plan and on the work of agriculture, science, and technology, and public of knowledge of the law. It will also hear, and discuss, the report of the provincial higher people's court on the handling of criminal cases.

Bai Yun said: In the 2d half of the year, the Standing Committee of the provincial People's Congress will

continue to step up efforts to represent the people, with the aim of playing to the full its role as the people's representative. For this purpose, several measures have already been worked out.

The news briefing also announced the agenda for the fourth session of the Standing Committee of the provincial People's Congress scheduled to be held on 23 August.

Jiangxi Organizational Work Meeting Ends 12 Aug
OW2308092388 Nanchang JIANGXI RIBAO
in Chinese 13 Aug 88 p 1

[Excerpts] The 5-day Jiangxi provincial meeting on organizational work concluded on 12 August.

This was an important meeting held at a time when the province is entering a crucial stage in carrying out its reform program. During the meeting, the participants reviewed the guidelines laid down by the national conference on organizational work; further clarified the guiding ideology, basic principles, and policies and requirements in doing organizational work during the new period; and earnestly studied how to firmly implement the ideology, principles, and policies and meet the requirements in doing organizational work. [passage omitted]

At the meeting, Comrade Mao Zhiyong made an important speech, entitled: "It Is All the More Necessary To Strengthen Party Building in the Crucial Period of Reform."

Comrade Liu Fangren made a summing-up report at the meeting. He said: The new situation is imposing even more stringent requirements on our organizational work. Therefore, our task in doing organizational work will be more arduous than ever before. The party organizations at all levels and the comrades of the various organizational departments throughout the province must realize the heavy responsibilities they are shouldering; increase their sense of urgency in doing organizational work and carrying out reform; work hard and in a solid manner; and strive to keep pace with the new situation in implementing the reform and open policy. [passage omitted]

Comrade Liu Fangren pointed out: In evaluating the work of a cadre or a locality, we must, in the last analysis, examine the development of productive forces. We must not abstractly evaluate a cadre's ability or political integrity without paying attention to productive forces. [passage omitted]

He said: The party organizations at all levels must strengthen their leadership over organizational departments, actively support them to enable them to carry out their work boldly, help them correctly perform their

duties, and take the initiative in sharing their responsibilities and helping them overcome obstacles. It is essential to concern ourselves with the work, study, and livelihood of those cadres doing organizational work, and to create energetically fine working conditions for organizational departments.

Attending the plenary meeting on 12 August were leading Comrades Wang Baotian, Lu Xiuzhen, Zhu Zhihong, Xu Qin, and Wu Ping.

Jiangxi Armed Cadres To Wear Uniforms
OW2308010188 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 19 Aug 88

[From the "Provincial Hookup" program]

[Text] In accordance with the guidelines contained in a circular of the General Staff Department, effective 1 October this year, full-time armed cadres at townships, towns, factories, mines, enterprises, and institutions in our province will wear the same People's Armed Forces insignia as those cadres working in county and city People's Armed Forces departments. They will also wear the same uniform as cadres of People's Armed Forces departments.

Criterion Study Class Ends in Jiangxi
OW2308021788 Nanchang Jiangxi Provincial Service
in Mandarin 1000 GMT 20 Aug 88

[Excerpts] A class for cadres at the provincial departmental or bureau level to study the productive forces as a criterion for judging all work ended today. The class was sponsored jointly by the Organization and Propaganda Departments, the party school, and the lecturers group of the provincial party committee and the party committee of departments directly under the provincial authority.

(Wang Taihua), member of the Standing Committee and director of the Propaganda Department of the provincial party committee, addressed a summing-up meeting of the class this morning.

Since its start on 20 July, the class has organized its students to study conscientiously the theory of using the productive forces as a criterion for judging all work, as expounded in the documents of the 13th party congress and other relevant documents. The students also listened to guidance lectures by comrades Wu Guanzheng, Liu Fangren, Jiang Zhuping, and (Zhou Wenshu). [passage omitted]

In his summing-up speech, (Wang Taihua) particularly discussed questions raised by students in the course of study, such as how to understand comprehensively and scientifically the concept of using the productive forces as a criterion for judging all work, how to understand the relationship between this criterion and practice being the sole criterion for the test of truth, and between the

former and the specific criteria for other social activities, and how to understand the relationship between the concept of using the productive forces as a criterion for judging all work and the four cardinal principles. [passage omitted]

(Wang Taihua) said: [passage omitted] Now, we should use this concept as a sharp ideological weapon in educating the cadres and masses to get an accurate understanding of the reform situation, to further emancipate their minds, to promote development of the productive forces, and to work with one heart and one mind to surmount difficulties in the course of reform.

Shanghai Researchers Feel Undervalued
OW2308022188 Beijing XINHUA Domestic Service
in Chinese 0612 GMT 22 Aug 88

["'Research Is Worth Less Than Singing A Song'—A Collection of Views of Scientists and Technicians of the Shanghai Economic Zone, by reporters Zhang Xuequan, Zhang Xingduan, Ding Xueping"—XINHUA headline]

[Excerpts] Shanghai, 22 Aug (XINHUA)—Not long ago, a certain chemical plant posted a notice in front of the Cultural Palace for Laborers in Hefei City. The notice read: Any scientists and technicians who can help this plant with a temperature-control problem will be given a 200 yuan reward.

Many people read the notice, and most of them shook their heads after reading it. Some said: Singers who come here to sing two songs in a night show can earn 1,000 or even 2,000 yuan!

Talking with these reporters on this matter, a cadre of the Hefei Branch of the Academy of Sciences of China said angrily: "Selling a research result is not as good as singing a song. Such depreciation of the value of scientific and technological results just doesn't correspond with the commodity economy."

Although, it is unsuitable to compare singing with selling research results, we can clearly see a phenomenon: Technology is worthless; knowledge is cheaply sold. Today, such a phenomenon is often seen in the technology market. [passage omitted]

The low prices of research results have adversely affected the production of research units and greatly discouraged scientists and technicians. In some cases, research units even failed to recover research costs. [passage omitted] As a result, some scientists and technicians are diverting their efforts from research to other fields. [passage omitted]

Many factors contribute to low prices of technology and low income of scientists and technicians.

First, it is not easy to have people suddenly change their old concepts gained through many years of a product economy. In the past, research units were supposed to serve production, and such service was always free of charge. Now that people are charged for this same service, they are naturally unhappy. [passage omitted]

Second, people in charge of enterprises think that they "can still do business without purchasing technology," and that, since there are people buying old products, they need not be in a hurry to seek advances in technology. [passage omitted]

Third, there are no guidelines on pricing technology. Currently, technology is sold after sellers and buyers haggle. Therefore, it is necessary to formulate rules and regulations to rationalize the pricing of research results. [passage omitted]

In order to protect the interests of both buyers and sellers, the technology market in various localities should, like the market for ordinary commodities, set up a neutral organ, which will be in charge of price negotiation and will be under the jurisdiction of the price control authorities. Only after a fair pricing system is established, can research results be steadily supplied to the market.

Zhejiang Governor Meets World Bank Officials
OW2308075988 Hangzhou ZHEJIANG RIBAO
in Chinese 15 Aug 88 p 1

[Text] Yesterday afternoon in Hangzhou, Zhejiang Governor Shen Zulun and Vice Governor Wang Zhonglu met with Xu Naijiong, executive director of the United Nations World Bank Organization, and Lin Chonggeng, chief representative of the World Bank to China.

The World Bank guests are visiting Hangzhou at the invitation of Governor Shen Zulun. Yesterday two sides discussed the problem of developing transportation, communications, and an export-oriented economy in Zhejiang.

Central-South Region

Guangdong Wins '1st Battle' in Crime Crackdown
HK2308030988 Guangzhou Guangdong Provincial
Service in Mandarin 1030 GMT 22 Aug 88

[Text] According to a unitary plan designed by the provincial Public Security Department, public security organs at various levels in the province have won the first battle in their concentrated crackdown on serious and violent crimes throughout the province. The battle started at 0000 on 20 August and ended at 0000 on 22 August. In close cooperation with personnel maintaining public order, police, judicial, and public security organs ferreted out and pursued different kinds of criminals, with the focus on criminals on the run committing offenses, and the investigation of criminal cases. Thanks

to the support and assistance rendered by local people in providing clues and reporting criminal offenses, the drive has achieved marked results.

Up to 0000 of 22 August more than 3,400 criminals had been arrested, including more than 900 criminals on the run, over 200 escaped prisoners, and criminals who had committed serious crimes such as murder, robbery, rape, larceny, and fraud. In addition, 125 criminal gangs, many of whom had committed crimes of robbery and larceny on the highways, were smashed, a number of pimps and prostitutes were arrested, and many centers for spreading pornographic materials were destroyed.

Shenzhen Businesses Exploit Children, Workers
*OW2208130988 Beijing Domestic Service
in Mandarin 0100 GMT 19 Aug 88*

[Excerpts] Listeners: Child labor has been reported in Shenzhen in recent years. Many school-age boys and girls have left school and entered various types of factories to earn a living prematurely. The existence of child labor was discovered by departments concerned only after this year's Spring Festival.

To learn more about the situation, this reporter visited a dormitory for women workers at (Sixing) Factory in Shenzhen's Nantou District. The dormitory was actually a large work shed measuring 30 square meters with wooden beds set up inside. Two or three workers shared one bed. It was dark and damp inside, and the odor was repelling. There were three women workers at the time. A worker surnamed Yang from Guangdong's Wuhua County told us: (Sixing) Factory mainly produces artificial flowers. Hence, most workers are women, with the youngest being only 12 years old. [passage omitted]

It is unbelievable how bad the workers' living and working conditions are. They work 14 to 15 hours a day, from 7 o'clock in the morning until 10 or 11 o'clock in the evening, taking only a 1-hour lunch break at 1200 and another 1-hour break to eat at 1800. Child workers receive far less wages than adult workers. Although their average monthly pay is from 80 to 100 yuan, they have to pay for room and board, utilities, and training, leaving them with only a meager amount. A little girl from Guangxi who injured her hand receives only 10 yuan a month. She sadly told me: I cannot even afford to pay my way back home.

Our country's Law on Compulsory Education specifically bans child employment. The State Education Commission and the Ministry of Justice have repeatedly warned against the practice. However, despite the ban and injunctions, child labor exists uninterrupted. The situation has become increasingly serious in some enterprises. Why is this so? The most direct cause is the chaotic labor management system, which creates an environment conducive to the employment of child workers. Colluding with local cadres who will do anything for money, recruiters often change the name, age,

and status of a child worker to deceive the inspection department. Some of the tactics they resort to are simply incredible. [passage omitted]

What saddens us is that many primary and middle school students leave school to work in a factory of their own free will, believing that working in a factory to earn some money is better than attending school, which brings them no tangible benefits. Besides, some parents in rural areas have difficulty paying for their education. They have no choice but to allow their children drop out of school.

Listeners, childhood is a period for children to grow up and acquire knowledge. No one has the right to deprive them of their right to growth and education. The Shenzhen businessmen's use of child labor not only violates the law, but the practice is also morally wrong. We urge the departments concerned to take decisive steps to help bring the child laborers back to their homes and schools.

We understand that the emergence of child labor has deep political, economic, and cultural roots. Child labor will always be with us unless these roots are eliminated. This is an objective law, which is true both in Shenzhen and in the interior without exception. However, we also firmly believe that because we succeeded in eliminating child labor during the several decades after liberation, we can definitely save our children, the flowers of the motherland, from the fate of prematurely shouldering the burdens of living, now, that our economy is more developed, our political processes are more enlightened, and our culture is more advanced.

Listeners, child workers are not the only ones in Shenzhen who are in a quandary. Some 300,000 temporary adult workers are also faced with many difficult problems unseen before. [passage omitted]

Socialism forbids exploitation of man by man. This rule has been deeply rooted in the Chinese people's minds for many years. However, in Shenzhen today, exploitation not only exists; it is protected and respected. This state of affairs is unacceptable to some people, who resent its existence. Nevertheless, exploitation is a reality, which leads to two kinds of reaction among temporary workers.

Some people feel that one gets exploited on the day one is hired and that one must endure it: do whatever you are told to do and concentrate on your job. Some people try to make a big scene whenever they are unhappy about something. They resort to slow-downs or strikes and tear machines or equipment apart, saying "if we lose, you will lose too." This state of affairs is entirely the result of the development of a new structure of interests. Workers need to take another look at the situation and accept it, and leaders need to acquaint themselves with it. [passage omitted]

In Shenzhen, exploitative enterprises are a reality. How do we deal with them? A Chinese administrator of a Sino-foreign joint venture told us: It pays to respect and protect the legitimate interests of management and accept their temporary exploitation of workers. Doing so is conducive to our economic development. [passage omitted]

Listeners, workers of foreign-invested enterprises in Shenzhen are willing to accept exploitation. However, they cannot tolerate infringement of their legitimate rights and interests by management. Since 1986, work stoppages and strikes by temporary workers have occurred many times in Shenzhen. About 60 to 70 percent of the work stoppages and strikes were the result of violation of contracts and infringement of the workers' legitimate rights and interests by management. About 20 percent of the incidents resulted from deliberate infringement of the workers' democratic and personal rights. Workers were blamed for 10 percent of the incidents, which were attributed either to their misconduct or unreasonable demands.

In Shekou Industrial Zone, the (Kaida) Toy Plant, an enterprise wholly owned by a Hong Kong business firm, forced workers to work overtime 4 to 6 hours a day on the grounds that it had too many orders to fill. Sometimes, a worker had to work 17 or 18 hours a day, 7 days a week. The overtime pay given by the factory was unreasonably low. Because of the high work intensity, the incidence of sickness went up. A temporary woman worker once fainted while working at the workshop. When 30 women workers refused to work overtime to protest the way they were treated, management responded by firing their leader. When the trade union intervened on her behalf, the Hong Kong manager replied: We act in accordance with the law. There is no law that prohibits us from asking workers to work overtime, nor is there a law that specifically limits the length of overtime. [passage omitted]

In Shenzhen, many such disputes cannot be resolved because policies and regulations promulgated by the Shenzhen city government do not have the binding force of a law and, therefore, cannot be used to punish those who violate policies or regulations. If we have a law similar to the labor law that many foreign countries have, disputes between labor and management will be easily resolved.

The disputes that occur in Shenzhen may appear in other areas of our country. It seems that we have no choice but to enact a labor law.

Shenzhen Improves Investment Conditions
OW2208151188 Beijing XINHUA in English
1415 GMT 22 Aug 88

[Text] Shenzhen, August 22 (XINHUA)—Infrastructure construction continues in Shenzhen, China's first and best known special economic zone.

Work done in this regard in the first seven months of this year involved 1.4 billion yuan in investment, and the annual figure is expected to reach 2.8 billion yuan—more than any previous year, said Vice-Mayor Li Chuanfang today.

The city government's investment policy calls for giving priority to projects in power industry, transportation and communications which are indispensable to the endeavor to attract more foreign investment.

The city is spending 4.2 billion yuan developing the 44 sq km Futian Industrial Zone, and the work should be completed in ten years, the mayor said.

'Huge' Scandium Deposits Found in Guangxi
HK2208145988 Beijing CEI Database in English
22 Aug 88

[Text] Nanning (CE)—Huge deposits of scandium have been found in coastal Guangxi Zhuang Autonomous Region with the potential value of more than 4 billion yuan. This is one of the largest scandium mines found in China.

The autonomous region is now holding business talks with foreign businessmen to make use of foreign capital to explore the mine in the near future.

Hainan CPPCC Opens First Session 22 Aug
HK2308062588 Haikou Hainan Provincial Service
in Mandarin 1000 GMT 22 Aug 88

[Excerpts] The First Session of the First Hainan Provincial CPPCC Committee opened solemnly at the Auditorium of the provincial Working Committee this afternoon. [passage omitted]

Xu Shijie, Liang Xiang, Liu Nianfeng and other leaders of the provincial Working Committee and people's government attended the opening. They joyously acclaimed the convening of the session.

The opening ceremony was presided over by Yao Wenxu, executive chairman of the Presidium of the session. (Zhou Zeng) gave an opening speech. [passage omitted]

On behalf of the national CPPCC Committee and the CPC Central Committee United Front Work Department, Cheng Siyuan, vice chairman of the national CPPCC Committee, and Wu Lianyu, deputy head of the CPC Central Committee United Front Work Department, who made a special trip to Hainan from Beijing, read messages of congratulation at the meeting. They extended warm congratulations to the convening of the First Session of the First Hainan Provincial CPPCC Committee.

Hong Kong Paper on Hainan's Future Government
*HK2308012988 Hong Kong SOUTH CHINA
MORNING POST in English 23 Aug 88 p 8*

[By Lai Pui-yee]

[Text] Only two of the 13-member core of the new Hainan administration are to be native Hainanese, with the rest hailing from mainland provinces. According to informed sources, the governorship will definitely be taken by the former Shenzhen mayor, Mr Liang Xiang, but only one of his deputies will be a native Hainanese.

Differences between islanders and mainlanders became more pronounced on the eve of the opening today of the People's Conference, which is to formally approve the leading positions in the provincial administration. It was said that the People's Conference, and the People's Political Consultative Conference (CPPCC) which opened yesterday, had been postponed to allow more time for re-allocation of power.

A pro-China agency in Hong Kong reported earlier that mainland officials would dominate the top posts of Hainan while the local people would only play a secondary role. Beijing has appointed seven officials from mainland provinces to help establish the Hainan government, and these leaders have brought their henchmen.

Meanwhile, Mr Liang is expected to be approved as the Governor in the People's Conference.

A source said one of the five deputy governors-designate is prominent local leader Mr Wang Yuefeng, who is of the largest minority nationality of Li on the island. The other native to be made a senior official is Mr Wei Zefeng.

An overseas member of the Hainan CPPCC said the differences between mainland and native officials hindered development of the island province.

Mr Chen Xuezhong called on officials to put aside their regional interests to work for the province.

"It is important to have a strong team of officials with the same mind to build our new province," he said.

As a member of a body meant to advise the Communist Party, Mr Chen stressed the need for unity among the different minority nationalities as Hainan faced many problems.

Meanwhile, Communist Party chief Zhao Ziyang was reported to have urged Hainan officials to be bold in applying the special policies of the new province. However, they should not make use of its open policy to re-sell other foreign goods, take up speculative business, engage in smuggling and tax evasion, he said.

The HAINAN DAILY reported that Mr Zhao had defined the open policy for Hainan at a meeting in January with Mr Xu Shijie and Mr Liang, then in charge of the preparatory committee of the province.

Chiding party cadres for their timidity, Mr Zhao said China had to face minor up-heavals if it was to develop.

The province's Chinese People's Political Consultative Conference (CPPCC) yesterday held its first meeting in Haikou. The opening was also attended by Mr Cheng Siyuan, a vice chairman of the national committee of the CPPCC who flew specially from Beijing.

Of the 221 CPPCC members on Hainan, less than 40 percent are Communist Party members. There are 10 Hong Kong and Macao members and one from Japan.

Southwest Region

Guizhou Party Congress Opens 22 Aug
*HK2308014788 Guiyang Guizhou Provincial Service
in Mandarin 2200 GMT 22 Aug 88*

[Excerpts] The sixth Guizhou Provincial CPC Congress solemnly opened in Guiyang on the morning of 22 August. [passage omitted]

Comrade Hu Jintao delivered a report on behalf of the fifth provincial party committee. He said [begin recording]: In the 5 years since the fifth provincial party congress, Guizhou has developed while persevering in reforms and forged ahead while overcoming difficulties. Profound changes have taken place in the province's appearance. [end recording]

Comrade Hu Jintao said: During the past 5 years, the province's economy has developed and grown steadily. Under the premise of attaching importance to economic results, the province has maintained a relatively high economic growth rate. In 1987 the province achieved its first doubling, based on the figures for 1980. Achievements have also been scored in readjusting the economic structure. [passage omitted]

Hu Jintao said [begin recording]: Between this congress and the next, we will cross from the 1980's into the 1990's. The coming 5 years will be an important historical period during which the old economic setup is transformed into a new one. The party organizations throughout the province are facing extremely arduous and glorious tasks. At present, we have entered the key period of overall reform. In accordance with the central authorities' plans and demands, we must resolutely resolve well the unavoidable difficulties in price and wage reforms. We must unify our thinking and steps and work in concert to traverse the difficult passes. In the course of promoting economic and political structural reforms, we should gradually establish a new order of socialist commodity economy and speed up socialist modernization.

Following the institution of the strategy of developing export-oriented economy in the coastal regions, we are facing a still more rigorous challenge. Only by speeding up Guizhou's exploitation and development can we lay a sound foundation for eliminating our poverty and advancing toward a comfortably well-off living standard in the 1990's. Hence, the basic tasks in the next 5 years are, taking the 13th National CPC Congress spirit as our guideline, to further emancipate our mind, promote further reforms and opening up, and further develop the productive forces. We must step up party building, promote economic structural reforms to develop commodity economy, and promote political structural reforms to build democratic politics. We should gradually establish a new order of socialist commodity economy, to greet new development in the province in the 1990's. [end recording] [passage omitted]

Hu Jintao stressed in his report that it is essential to step up agricultural construction and vigorously develop rural commodity economy. Guizhou's agricultural foundation is weak, and stepping up agricultural construction is a long-term and particularly arduous task. We must attach great importance to this task, rely on the policies and on science, and continually deepen the reforms so as to increase income and stimulate agricultural production.

The grain issue is an outstanding problem constraining Guizhou's economic development. In resolving this problem, we must first work hard to increase production. We must improve land management, protect the land and care for it well, and stabilize the sown area. We should practice intensive cultivation and strive to improve yields. We must improve cultivation systems and techniques. [passage omitted]

Hu Jintao pointed out that it is necessary to readjust and optimize the production structure and develop pillar industries. He said that in readjusting and optimizing the production structure, the province must be guided by the domestic and foreign markets, base its efforts on its own resources, and extensively develop efforts in all fields of production. We must vigorously popularize new technology and materials and modern management methods, work hard to improve traditional industries, and gradually increase the proportion of modern industry. We must give scope to the role of our existing material and technical forces, and in particular, further promote integration of defense and civilian industries, and take advantage of the strong points of our defense and key industrial enterprises. [passage omitted]

We must formulate correct industrial and technological policies and strive to develop light industry based on tobacco, famous and high-quality wine, and daily necessities, and vigorously develop production bases for machine-building and electronics products including automobiles, farm machinery, daily-use mechanical and electrical products, and electronic goods. We should

develop in a planned way the exploitation and processing of coal, aluminum, alloys and other items in conjunction with the energy industry. We should also develop high-technology industries focused on microelectronics and biological engineering. We must also speed up the development of the raw materials industry focused on nonferrous metals, iron and steel, and chemical raw materials, and speed up the development of the building materials and construction industries.

Hu Jintao stressed that the province should open up a variety of channels to attract capital from outside. Guizhou should simultaneously develop hydroelectricity and thermal electricity and simultaneously develop large, medium-sized, and small projects in speeding up the development of the energy industry centered on electric power, so as to change the situation of power shortage as soon as possible. We must do a good job in improving the existing railroads, highways, and waterways, and speed up the development of communications based on a comprehensive transport system. We must strive to change our backwardness in posts and telecommunications and improve our capacity to disseminate information.

Air Force Units in Tibet Straightened Out
HK2308045188 Lhasa Tibet Regional Service
in Mandarin 1330 GMT 22 Aug 88

[Text] According to XIZANG RIBAO, leading bodies from Air Force units stationed in Tibet recently sent out working teams with a view, to straightening out party committees at or above the regimental level of their units, and to making a comprehensive analysis of problems that those units are confronted with under the new situation of reform and opening up to the outside world.

The guiding ideology and purposes of the move are: Under the guidance of the spirit of the 13th CPC National Congress and according to the decision made by the PLA Air Force party committee on strengthening the operation of party committees at or above the regimental level, major efforts are to be made to help party committees at or above the regional level of those units uncover weak links in their work under the new situation of reform and opening up to the outside world; to ascertain what they have achieved in their work; to approach problems they are faced with; to sum up experience; help them change concepts; consolidate party committees at or above the regimental level; and to improve the work style of the leadership to lay a solid foundation for future work.

North Region

Beijing Secretary at Organizational Conference
SK2308060988 Beijing BEIJING RIBAO
in Chinese 14 Aug 88 p 1

[Text] The municipal organizational work conference ended on 13 August. Li Ximing, secretary of the municipal party committee; and Li Qiyang, deputy secretary of

the municipal party committee, spoke at the conference. The conference pointed out that at the crucial moment of reform, party organizations at various levels throughout the municipality should further build the party, strictly administer the party, further deepen reform of the cadre personnel structure, and better serve the capital's modernization and overall reform.

The 3-day municipal organizational work conference discussed the guidelines of the national organizational work conference and the third session of the sixth municipal party committee; and defined the guiding ideology of the organizational work and major organizational work tasks for the foreseeable future. Attending the conference were responsible persons of the party committees and the organizational departments of various districts, counties, bureaus, general companies, and universities and colleges.

Chen Guangwen, director of the Organizational Department of the municipal party committee, delivered a report at the conference. He said: After the municipal organizational work conference in 1983, under the leadership of the municipal party committee and party committees at various levels, the organizational departments at various levels made notable achievements in their work. Overall investigations among leading bodies at all levels show some 14,000 outstanding young and middle-aged cadres were selected and promoted to leading posts at or above the section level; the age, educational, and professional structures of leading bodies at various levels tended to be reasonable; the situation that the leading bodies' average age was comparatively older and their educational level was rather low has been basically changed; and the cadre personnel affair system becomes more public and democratic. More than 28,000 cadres qualified for retirement throughout the municipality went through retirement formalities. Since implementing the public bidding manager selection and invitation system in 1986, the competition mechanism has been introduced to the enterprise personnel affairs management method. Some units made some valuable explorations regarding carrying out the system of trial employment of cadres, the term of office system, and the system under which cadres hold responsibility for the attainment of fixed targets during their terms of office. Over the past 5 years, about 20,000 cadres on average attended various forms of training classes every year. Policies towards cadres and intellectuals were continuously implemented and some problems left over by history were basically solved. A party-member educational system has taken preliminary shape. About 90 percent of the party members were completely or partially released from work for study every year. Over the past 5 years, the municipality recruited 208,000 new party members. Thus, the problem concerning intellectuals' difficulties in joining the party has basically been solved. During reform and opening to the outside world, the majority of party members throughout the municipality brought into play their exemplary role in affecting

and guiding the masses to fulfill all tasks. Of the municipality's total model workers, 78 percent were party members; and of the municipality's total special-grade model workers, 98 percent were party members.

The report stressed concentratively the tasks ahead of the organizational front and some organizational work problems in need of urgent solution.

With regard to persisting in the standards for party members and strengthening the construction of the party members ranks, of Chen Guangwen said: The people are presently talking about whether the standards for party members set forth in the party constitution are too high at the initial stage of socialism or isn't it necessary to define "preliminary standards?" We must answer this question in clear and unequivocal terms. The standards for party members defined in the party constitution were formulated in line with the party's ultimate goal and the historical mission of building socialism with Chinese characteristics undertaken by the party at the current stage. While defining the theory for the initial stage of socialism, the 13th party congress defined the standards for party members as set forth in the party constitution, and also clearly set forth the requirement for strictly administering the party. If party members fail to persist in the standards for party members set forth in the party constitution under the new situation, they will certainly slacken the requirements set on themselves or will be unable to act as qualified party members. But for persisting in the standards for party members, the party organizations will certainly slacken the management and education for party members or will not be able to handle strictly unqualified party members. Strictly and properly handling unqualified party members is a key link in strictly administering the party as well as an important day-to-day work of party committees at various levels. In accordance with the principle of "persisting in standards, setting a sight on education, differentiating treatment, and tackling problems in a comprehensive manner," we should first conduct the work on a trial basis and then popularize it in a step-by-step manner. In line with the routine management and education for party members, next year, the municipality should gradually conduct routine work of striving to make outstanding achievements, creating advanced deeds, and appraising party members.

Regarding the strengthening of the construction of leading bodies, he pointed out: The step of a strict appraisal system is a key link to strengthen the construction of leading bodies. In appraising cadres, we should assess their moral integrity, ability, assiduousness, and achievements; and pay particular attention to appraising their work achievements. By so doing we cannot only persist in the standards for practices and the standards for productive forces but cadres can also conform to the requirements for moral integrity and ability. In his speech at the forum of representatives who participated in the national organizational work conference, Comrade Zhao Ziyang pointed out that in the final analysis,

the work of cadres and localities should be assessed according to requirements whether or not they have liberated the productive forces or promoted the development of productive forces. This is a viewpoint of historical materialism. The standards for productive forces should be linked with the principle of cadres with both political integrity and ability, the implementation of the party's basic line, and cadres' work achievements.

The report stressed: From now on, the cadre personnel affairs structure reform should be deepened according to the principle of differentiating management methods and the principle of "publicity, participation, and equality." There existed problems related to selection and promotion of cadres over a long period of time, such as having no wide field of vision, not publicizing selection and promotion of cadres, only a few masses participating in the work, and having no equal opportunities. The municipal party committee decided that in 1988 and 1989, the municipality should place the stress of cadres personnel affairs system reform on introducing competition mechanism and on reforming the enterprises' personnel affairs system. Enterprise managers should be selected and appointed through public biddings in line with the principle of publicity, equality, and selection of the good. According to the principle in which "the management of personnel and affairs should be closely linked with each other and reasonably condition each other," we should improve the methods and procedures for appointing cadres. The people who are to be selected and promoted as cadres should be determined through democratic recommendations. The people who are to be selected as preliminary cadres should first go through public opinion polls and the assessment of cadre personnel affairs departments. Then, together with the reports on their appointments, data of popular will, and the assessment of cadre personnel affairs departments should be submitted to higher levels.

Li Qiyang, deputy secretary of the municipal party committee, spoke at the conference closing ceremony. He said: Whether or not we can strictly administer the party is a matter deciding the prosperity of our country and the success of reform. So, we must foster the confidence in strictly administering the party. The most important requirement is that strict demands should be set on leading organs and leading cadres. He also said: The change of enterprise party committees' role from unitary leadership to ensuring supervision by no means indicates the withdrawal of their position to the second line, but means that enterprise party committees should concentrate more efforts on grasping the implementation of principles and policies and construction of the party, and serving reform and opening to the outside world better. They are still working in the forefront of the four modernizations.

Shanxi Governor Discusses Economic Situation
HK2008073688 Taiyuan SHANXI RIBAO
in Chinese 24 Jul 88 pp 1, 3

[Speech by Wang Senhao [3769 2773 3185] at a provincial conference on industry and communications production, safety, structural reforms, and sales work: "Base Our Efforts on Our Strong Points, Deepen the Reforms, and Improve Economic Returns"—date not provided]

[Text] 1. On Our Economy in General [subhead]

In the 1st half of the year, the provincial party committee and government, taking reform as the center, concentrated on reforms of contracted industries, nonstaple food prices, the grain and cooking oil purchase and sales network, and the structure of foreign trade. In June, the committee convened a work session to pinpoint ways to adjust to the development strategy of the coastal areas. The session wound up with a general program designed to seize the opportunity of the coastal development to quicken the development of the economy. At present, departments and organs are developing the program into a coordinated operational scheme aimed at economic structural adjustment and advance of the productive forces. Now a review of our economic achievement. In a concerted effort by all the cadres and people, we managed to bring off a relatively good performance in the 1st half of the year. Gross industrial output (excluding villages and below) was valued at 12.1 billion yuan, a 10-percent increase over the same period last year and completing 50.3 percent of the annual budget, thus fulfilling half the task in half of the year. There was a rise in industrial economic returns: The output value of budget-covered industries and enterprises was up 10.5 percent, sales revenue by 24.1 percent, realized pretax profits by 30.9 percent, and profits and taxes submitted to the state increased by 15.3 percent. It should be noted that the output value was outpaced by the three other items. Owing to the increased economic returns, financial revenue has gone up in the form of increased industrial and commercial taxes to 183.9 million yuan, 51.5 percent of the budgeted amount, an increase of 16.2 percent over the same period last year. Foreign exchange earnings from the export trade reached \$174 million, 51.2 percent of the year's target. Fixed asset investment completed by state-owned units was 1.907 billion yuan, 10.5 percent lower compared to the same period last year. The fundamental role of agriculture has received recognition and financial assistance, including loans, subsidies from ancillary industries, and investments by peasants have considerably increased. Despite natural disasters, the summer grain harvest is expected to hit 4.886 billion jin, a 2-percent increase over last summer. The fall harvest looks better, and if there are two more saturating rainfalls before the end of this month, we can expect a bumper harvest. The large number of livestock and sheep on hand is steadily rising, and the number of live hogs has started to climb again. Lastly, the gross output value of township and village enterprises increased 12.6 percent, compared to the same period last year. To sum up, the market is stable, there are abundant commodity supplies, the income of urban and rural residents has gone up, and savings have considerably increased. The provincial economy in general is good.

Here I would like to say something about the growth rate of gross industrial output value for the past 6 months. Although it was lower than the national average and that of many provinces and cities, in my opinion it was

normal and healthy. In evaluating economic achievement, we look for economic returns. Our industrial sales revenue, realized pre-tax profits, submitted profit taxes, and financial revenue have all increased—a performance seldom seen over the last few years. The guiding thought in our economic work has repeatedly stressed that the central task is to raise economic returns. A distinction should be made between our province and the coastal regions. While the latter's economy focuses on processing industries, the energy and raw material industries predominate in Shanxi, and there is no basis at all for us to compete with them for speed. Besides, we experienced many difficulties over the last 6 months: a serious lack of electric power, rising prices for raw materials, and a shortage of funds. To emphasize the speed of growth with all these handicaps would be impossible if not harmful. As Zhao Ziyang stated during his fact-finding tour of Shanxi: What can be done fast, do it fast; what cannot be done fast, do not push it. Now another point in our economic guiding thought is: Concentrate on laying the foundation. We have worked hard to develop transport and communications, transform the 31 poorest counties, and promote education and science and technology. When this work is completed, Shanxi will have a reserve of strength for economic development in the following 10 years. Between economic returns and growth rate, we put the former firmly at the top, and maintain a certain growth rate under the premise of improving economic returns.

Some problems that surfaced in our economic work during the 1st half of the year call for our attention. Principally, they are: Bad production safety precautions—there were some very serious accidents; acute tension between market demand and supply, with the aggregate retail price index for the 1st half of the year soaring 12.5 percent, hitting hard at the low-income group; and a level of economic returns not at all satisfactory. Some of these problems concern our efficiency, and some are created by the process of reform and development. Here only an objective and balanced view of the magnitude of our economic problems can help us steady the confidence of all the cadres and people to go on bearing the pressure of price reform, and to anticipate and finally overcome its difficulties. First, we will keep curbing our own conservative orientation; second, insist on reform and openness; and third, forge ahead until this year's economic mission is brought to success.

2. On Implementing the Spirit of Zhao Ziyang's Talk Given During His Shanxi Tour [subhead]

During his mid-June Shanxi tour, Zhao Ziyang gave many important talks that will no doubt help direct us in adjusting and improving our economy and plans to enrich the people. Organs of cities and counties and those directly under provincial authority should gain a thorough understanding of the spirit of his talks in capturing the main thrust of the provincial party committee's work session, and unite the two to make all of us more alert, make our direction clearer, and give us a

vantage point in guiding and adjusting our economic development strategy, with the result that our economic development can be quickened.

I think the point to be grasped in understanding Zhao Ziyang's talks is his delineation of the relations between the coastal region's economy and ours. Correctly understood, it will enable us to give scope to our own strong points and locate our strategic position in the national commodity economy. As pointed out by Zhao Ziyang: "Coastal development urgently needs a supply of raw materials from the interior. This offers an excellent opportunity for those who have a lot to supply. The bigger the development, the more the demand. At the same time, coastal capital and technology will flow into the interior, stimulating development of their raw material industries and in the end their whole economies. The interior regions should make a point of studying their own status, find it, and make full use of regional division of labor." Again, "Shanxi's superiority lies in energy, raw materials, and the heavy and chemical industries. It will have great prospects in this regard."

The economic and social development program drafted in 1985 was: "Organize and mobilize all our people to fully exploit our natural resources, concentrate on building bases for energy and heavy and chemical industries, expand agriculture, strengthen communications and transport and education, science, and technology—two formerly weak sectors—set in motion a coordinated economic and social development for the entire province, fulfill the target of quadrupling the gross value of industrial and agricultural output by the end of the century, and raise the people's living standards to a relatively well-off level." Over the last few years, government organs at all levels have consistently worked under this policy and made great economic and social achievements. The energy industries have developed at an unprecedented pace and on a scale never seen before, with Shanxi coal production accounting for one quarter of the national volume, and 78.8 percent of national coal shipments come from us—a great contribution to the state's four modernizations program.

By last year, we had mainly succeeded in the first doubling of economic development. Along with this has come an increase in the people's living standards. The results demonstrate that the economic and social development strategy corresponds to our needs and it has been recognized as such by the provincial party committee's work session. Of course, the people's understanding proceeds in a pattern of contradiction, and objective knowledge continually deepens and develops in practice. Some of our energy base construction programs have run into difficulties in recent years. To these problems everyone has offered many valuable solutions. The problems are, first, the declining coal price while rising expenditures have increased production costs, cutting deep into the industry's margin of profit. Second, the absence of reinvestment in township and village coal mines is

threatening their continuing productivity. Third, environmental pollution, public facility construction, and compensation for water sources and farmland—all occasioned by large-scale coal extraction projects—are becoming more and more onerous. Fourth, the dominant feature of our production structure is the heavy, energy, and raw material industries. Product supply is based on mandatory planning and its price is state-regulated, while daily necessities consumed by our people are all bought from other provinces at open market prices, causing a serious drain on Shanxi's economy. In sum, a decreasing comparative advantage in coal production, reduced agricultural production, and the sluggish growth of the consumer product industries have combined to retard our economic growth as well as the people's living standards over the last 2 years. Together, all these mean that although our economic and social development strategy is correct, it needs adjustment and improvement.

But how should we adjust? The first thing to do is to take full use of our advantages; that is, better develop our energy, raw material, heavy, and chemical industries. The coastal development has vastly increased demand for energy. The annual net energy import of the 12 coastal provinces averaged more than 100 million tons over the last few years. Since the start of the collection of electricity construction funds, every region has been building electric power plants and as a result demand for thermal coal has increased. The development of steel industries has also stepped up demand for coke. The country, especially the coastal regions, relies on Shanxi's coal, and this pattern is expected to continue to the end of the century. Therefore, in adjusting the production structure and product mix and planning coal production on the basis of supply and sales quotas, we should not neglect to prepare reserve strength in coal production. As was laid down in the provincial party committee's work program: We will continue to develop our superiority in raw materials; build up bases for energy industries; increase the value of energy and raw materials processing; expand nonferrous metallurgy, light industries, electrical, mechanical and building materials industries; promote diversification of branch industries; and, to correspond their growth, develop hi-tech industries. The first task of production structural adjustment is to ensure the steady production of coal and electricity, lay down near-term and long-term plans for coal production, strengthen technological improvement of the existing coalmines, and straighten out and improve the township and village mines, to ensure that the production flow meets the specified quotas. There must not be any slackening in the construction of bases for energy industries, otherwise Shanxi's strong points would be left unexploited, and this would not only have an impact on national economic construction but would also eventually affect Shanxi's economic and social development.

Second, the question of the proportion of light and heavy industries is involved in the course of readjusting the production structure and product mix. Shanxi's backward consumer goods industry affects the growth of

national income and the improvement of living standards. The provincial party committee's work program has ruled that investment be stepped up in the consumer goods industries to speed up their development. The consumer goods industry calls for only small investments, the initial build-up cycle is short, and the returns are fast. Its development will have the benefit not only of increasing commodity varieties on the market and meeting consumers' needs but also creating much-needed funds for basic industry development and infrastructure construction. In a sense, we can say the consumer goods industries and energy base construction complement and reinforce each other. Accordingly, the provincial government has issued a notice to all concerned sectors throughout the province to take positive steps to speed up the development of consumer goods, based on their own resources and technical conditions and aimed at market demand, which means quality, variety of patterns, and independent fashions for their products. Indeed, there should not be any blind movement. Zhao Ziyang said: The one thing to be avoided is blind copying of what others are doing. When some people develop the export-oriented economy, you run after it; when some people develop light industrial and textile products, you run after it; then comes hi-tech, and again you run after it. If you make a move without checking out your own conditions, it just will not work that way.

Third, we must strengthen the economic ties between the coastal areas and the interior. The provincial party committee's work program has laid down the policy of further opening up. The provincial government has given general advice to step up foreign trade. And government organs and departments in various prefectures and cities have made very good plans and arrangements to work out ways to strengthen economic ties with other provinces. We must seize this great opportunity to open up our economy completely, especially toward the coastal areas; extensively develop horizontal economic ties; work to attract capital, talent, technology, facilities, and management experience in order to enliven our economy; raise the quality of our products and their competitiveness; and develop an extensive market for our products. We are going to organize a delegation to make a tour of the coastal areas to cement various cooperation agreements.

3. On the Problems of Enterprises' Economic Returns [subhead]

The reform has now entered a crucial stage and it is time to tackle the tricky problems of wages and prices. They are tricky because the issue here becomes primarily a matter of strength of endurance, which depends on the economic returns of enterprises—which are responsible for providing the state with financial revenue and absorbing all negative factors, such as the price increases. The growth of sales revenue and realized profit of our industries and enterprises for the last 6 months was faster, but we should be sufficiently alert to the fact that this did not include the price readjustments, and we

cannot make too high a projection from it. In fact, in many enterprises high depreciation, enormous wastage, and inefficiency are still common phenomena. There is much room for improvement. Therefore, in the latter half of the year improving economic returns will continue to be our central task. This will mean the continuation of the reform, technological progress, and strictly advanced management methods. The coming 6 months will be devoted to the following tasks:

1. Firmly carry out the "Enterprise Law" and perfect and develop enterprise contracting according to the law. The contract system has effected separation between administrative powers and management operations, allowing further business decision-making by enterprises and thus setting in motion a whole package of reforms in enterprise operations. Facts have proved that the role of the contract system is tremendous and it has yielded notable results. There must be no wavering over enterprise contracting. In the 1st half of the year, most of the contracted enterprises were able to cope with all of the unfavorable factors, such as price hikes, and fulfill their contracts. In the 2d half of the year, we must keep up this performance to deepen, coordinate, and improve the reforms as required by the state structural reform meeting. A contract is for a 3-year period. We must respect its binding power and not alter it at some slight pretext; instead we must work to make sure it is honored. Enterprises in difficulty must try hard to improve their management and tap their potentials, instead of busily readjusting their base figures. If the situations of chaotic management, low efficiency, huge losses, and absence of market for a product continue, then, one way or another, the enterprise itself will have to be either merged into another one or simply eliminated. We can no longer protect those who consistently lag behind. We should create a competitive environment where those who fare badly will feel the pinch of bankruptcy, which might help shake them up. An overhaul of the internal system of an enterprise cannot succeed without certain external conditions. And given all the policy-making and promulgations of enterprise laws over years of reform, the conditions are there. What should be stressed is that all localities and departments must really handle their business in accordance with the "Enterprise Law," and that means letting go their power on big enterprises, handing over decisionmaking to managers, and eschewing arbitrary intervention.

2. Seriously form an optimum labor composition. This concerns the quality of our working class and of the Chinese nation, and it is a fundamental reform for improving labor productivity and hence economic returns. It will be difficult to carry out this reform. The crucial point is to maintain open recruitment conditions, an open policy available for examination for all interested parties, equal opportunity, and selection on merit. The first thing is open recruitment conditions, or there will be a lot of problems. There cannot be nepotism, or special favors to sons or daughters or relatives of some leader. There can be no private composition, sects, or

cliques. The reform must be planned, organized, and approached step by step. Let it be tested out on some enterprises first. Leaders of the enterprises under the pilot scheme will clarify its meaning, policy, and basic methods to concerned personnel and organize learning and training classes. In another development, the placement of surplus personnel involves many problems at the policy level, and we cannot expect the provincial government to come up with a complete, detailed program right away. So it will continue to rely on enterprises' initiative to explore through practice, to engage in a process of trial and error, and hopefully some guideline will surface on the basis of pooled results.

3. Tackle the problem of pegging total wages to economic returns. This measure has made slow progress in our province. We want it to be extended to all the state-run enterprises, and we expect to see results in the coming half of the year.

4. Enliven the purchase and sales operations. They are the key factor for an enterprise to expand from primarily a manufacturing type to that of manufacturer-marketer, and certainly they are one of the important links in management reform. In this respect, some time-honored rules and institutions will have to be scrapped to make way for new ones conducive to development.

5. Strengthen enterprise management. Economic commissions and financial, banking, and auditing departments will regard directing the reform of enterprise management as their prime responsibility; they will in a pragmatic way have factory managers and cadres in economic departments schooled in modern management; and they will inject knowledge of proven management methods currently used in foreign countries. In addition, they will extend advanced management methods such as the "full load" or "in-house bank" in a planned and organized way. We would like to see progress in management reform in the latter half of the year.

Finally there is something to be said about industrial and agricultural production safety. Safety precautions in the 1st half of the year were bad. Major serious accidents followed one another—a direct consequence of management disorder. Management means first of all safety management. There should be a strict responsibility system in the production safety area. If we cannot attack the problem at the system level, we simply will have no way of stopping such bad accidents from happening again. Speaking of accidents, at present it is high-water season, and heavy downpours have wrought havoc at Kouquan Gorge in Datong. All units and coalmine areas should double their alert, strengthen antiflood measures, and prevent possible dike breakdowns and the destruction of factories and residential buildings.

Right now the autumn crops look excellent and a bumper harvest is expected, although that does not mean we can relax our vigilance. At any time there can be floods or

waterlogging, hailstorms, and in some areas may experience summer drought. Some highlands have already been struck by plague of insects. Leaders of all departments should get to the frontline, straighten things out, forestall any possible disaster, and fight for a good harvest.

Shanxi Sets Up Total of 22 Joint Ventures
HK2208145788 Beijing CEI Database in English
22 Aug 88

[Text] Taiyuan (CEI)—By the end of June this year, Shanxi Province has set up 22 joint ventures, with a registered capital of 11.15 million U.S. dollars, according to Foreign Economic Section of the Shanxi Provincial Planning Commission.

Of the 22 joint ventures, 5 are involved in service business, 5 in electronics, 4 in garments and leather processing, 2 in building materials and the rest in the business of cosmetics production, edible mushroom, trademark printing, car-repairing, hotel and construction.

Northeast Region

Liaoning Labor Market Benefits Foreign Investors
OW2208115988 Beijing XINHUA in English
1109 GMT 22 Aug 88

[Text] Dalian, August 22 (XINHUA)—Foreign-funded or managed enterprises are benefiting from the newly established job market in Dalian.

Since it was set up this month, about 1,700 managers, technicians and workers have been recruited from the market, according to local officials.

There are now nearly 160 foreign-funded enterprises in Dalian but most of their managers say they cannot recruit sufficiently qualified personnel.

The market is intended to help them overcome this problem, the officials said.

The market has collected resumes from 3,000 applicants so far. The foreign employers choose employees by examination.

Heilongjiang Promotes Border Trade With USSR
HK2308061188 Beijing RENMIN RIBAO
in Chinese 20 Aug 88 p 1

[Report by Cao Zhaoqin (2580 3564 3830), Shen Xing-geng (3088 5281 5087), and Pi Shuyi (4122 2885 5030): "Heilongjiang Province Promotes Border Trade With the Soviet Union"]

[Text] With Heilongjiang Province vigorously "opening up to the north," border trade has developed rapidly. Up to the end of last June, the province had signed border

trade contracts with the Soviet Union amounting to 240 million Swiss francs, involving more than 50 cooperative projects. At the end of last July it signed new contracts for a number of economic and technological cooperative projects. This was disclosed by Heilongjiang's Vice Governor Du Xianzhong in an interview with reporters the other day.

The vice governor said: "Opening up to the north" refers to opening up to the Soviet Union and East European countries, as well as the Northeast Asian region and developing the economy and trade. Heilongjiang Province is separated from the Soviet Union by a river and has convenient border shipping, railway, and highway communications. This is very advantageous to the development of border trade.

Du Xianzhong said: To speed up "opening up to the north," Heilongjiang Province has relaxed its policies further and adopted a series of preferential measures. Following the reopening of Heihe, Tongjiang, and Suifenhe as open Ports in the border area, it opened another six ports last June, namely, Mishan, Hulin, Raohe, Luobei, Jianyin, and Mohe. Moreover, all border towns and enterprises with the necessary conditions may look for Soviet trading partners and apply for the right to conduct foreign trade.

It was learned that the current Sino-Soviet border trade is chiefly restricted to barter trade. The Soviet side exports timber, steel products, cement, chemical fertilizer, soda ash, and so on, while the Chinese side exports meat, vegetables, cereal, textiles, garments, and manufactured goods for daily use. Trade between both parties complements each other. What attracts people's attention is that this mutually complementary border trade is developing in many forms, such as joint ventures, the "three forms of import processing and compensation trade," contracted projects, and labor service export. Recently, the variety of barter trade has increased to more than 100 kinds of commodities. The Soviet side has for the first time expanded the import of China's machinery and electrical equipment and electronic materials.

To quicken the pace of "opening up to the north," Heilongjiang Province vigorously readjusted its optimized product mix and set up production bases for export commodities to develop a relatively stable trade relationship.

Northwest Region

Gansu Meeting Views Public Security Problems
HK2308021588 Lanzhou Gansu Provincial Service
in Mandarin 2300 GMT 22 Aug 88

[Text] A provincial conference of public security bureau directors concluded on 22 August. Attendees proposed that it is necessary to reform and step up public security work, to provide better service to establish a new order of socialist commodity economy.

The general situation of social order in Gansu has been good and basically stable during the 10 years of reforms. However, the situation facing us in this work remains rather rigorous. The incidence of economic and other crime continues to rise, and the number of serious and major crimes is increasing rapidly. Ugly phenomena in society spread quickly, and criminals are behaving in arrogant fashion in certain places. The public security cadres and policemen throughout the province must therefore center their work on creating a stable political environment for reform and on serving the effort to build a new order of socialist commodity economy and achieve the province's economic development goals. We must in all respects make proper preparations for dealing with sudden incidents, and teach the cadres and policemen to have a correct understanding in dealing with such incidents and to learn correct ways of handling them.

We must maintain the momentum of the crackdown on crime and launch struggles against particular objectives as appropriate. We must crack down hard on criminal elements of all kinds and put a stop to ugly phenomena in society. We must solve public order problems that arouse strong reaction among the masses, and do a good job in maintaining order in areas seriously hit by natural disasters. We must also step up public order, traffic, fire-fighting, and border defense controls, strictly enforce the rules and regulations, block loopholes, and ensure that good precautions are taken, so as to stabilize social order.

We must further emancipate our minds, enhance reform consciousness, promote reforms in the public security system and its work, and make this work more visible.

Provincial leaders Li Ziqi, Xu Feiqing, Jia Zhijie, Lu Kejian, Li Fusheng, and Mu Yongji attended the meeting. Li Ziqi, Jia Zhijie, Lu Kejian, and Mu Yongji made speeches. They fully endorsed the achievements in public security work in the province, and expressed the hope that in the future the building of the public security contingent will be continually stepped up and its quality improved, so as to create a very good social environment for the province's reforms and four modernizations drive.

Shaanxi Party Accepts Mass Supervision
HK2208120688 Beijing RENMIN RIBAO
in Chinese 13 Aug 88 p 4

[Report by Meng Xian (1322 6007 1344) from Xian on 10 August: "Shaanxi Provincial CPC Committee Standing Committee Takes Measures To Put Itself Under the Supervision of the People"]

[Text] While formulating the regulations for maintaining incorruptibility, the Standing Committee of the Shaanxi Provincial CPC Committee also put forth "five supervisions" to ensure the implementation of the anticorruption regulations.

On 9 August, the Standing Committee held a meeting to discuss the six-point regulations for maintaining incorruptibility: "setting strict demands on oneself and being honest and incorrupt in performing one's official duties; maintaining a hard working and thrifty style; maintaining a realistic attitude and keeping one's deeds in line with one's words; preventing window-dressing performances and working in a down-to-earth manner; appointing cadres according to their merits and assigning jobs to subordinate personnel according to their abilities; and maintaining close ties with the masses with a modest and prudent attitude." They also worked out concrete standards for each of the six points. In order to ensure the implementation of these regulations, the standing committee also decided to put into practice the "five supervisions":

First, members of the Standing Committee should be subject to the supervision of the party organizations through participating in the activities of the party organizations. The Standing Committee itself should hold a democratic meeting every 6 months to examine the condition of maintaining incorruptibility among its members. In addition, all Standing Committee members must participate in the activities of the party branches in their own departments in the capacity of party rank and file, and modestly listen to the opinions of other party comrades.

Second, the Standing Committee should subject itself to the supervision of the masses through maintaining extensive contacts with the people. All Standing Committee members should spend at least 3 months a year making investigations and studies at the grass-roots level, and should take turns to receive visitors who come to the provincial party committee to air their grievances and talk to the people face to face. They should also contact the masses in the forms of consultation and dialogue, and answer the people's inquiries. They should modestly and earnestly listen to the correct criticisms and reasonable proposals of the masses and seriously correct and improve their work and work style.

Third, they should increase the openness of their work, and actively support and warmly accept journalistic and opinion supervision. All party and government affairs that are not confidential should be made public so as to create a condition for opinion supervision.

Fourth, the Standing Committee should carry out criticism and self-criticism among its members and ensure the committee's self-supervision. All members should regularly report to the Standing Committee about their behavior in maintaining incorruptibility and criticize and supervise each other on the basis of each person seriously examining and straightening out his own behavior.

Fifth, the Standing Committee should consciously subject itself to the supervision of the provincial discipline inspection commission. The provincial Discipline

Inspection Commission will assign a particular cadre to report to the Standing Committee members about the condition of maintaining incorruptibility by the Standing Committee.

When being interviewed by this reporter, provincial party committee Secretary Zhang Boxing said that good regulations do not mean good behavior. It is more difficult to turn words into deeds than turning ideas into words. To realize the "five supervisions," we will keep our deeds in line with our words, and will subject each of the Standing Committee members to the constant supervision of the party organizations, other cadres, and the general public. This will ensure the real implementation of the anticorruption regulations.

Xinjiang Success, Problems in Enterprise Reform
HK2308024188 Urumqi Xinjiang Regional Service
in Mandarin 0000 GMT 23 Aug 88

[Excerpts] Enterprise reform is developing in depth in Xinjiang, but efforts still need to be made to resolve certain problems. The region has gradually popularized the enterprise contracting system since June last year. By the end of July this year, 72.5 percent of the region's enterprises covered by the budget had introduced the contracted responsibility system. All those that have instituted contracting this year have introduced the competitive mechanism. In addition, a good start has been made in enterprises contracting for enterprises, scientific research units contracting for or leasing enterprises, the annexation of enterprises by other enterprises, and the formation of enterprise groups. [passage omitted]

According to statistics from 316 contracted industrial enterprises, comparing the 1st half of this year with the same period last year, taxes and profits rose by 52 percent and tax and profit payments to the state rose by 33 percent, respectively 39 percent and 11 percent higher than for those enterprises that have not yet instituted contracting.

A concerned official has pointed out that although enterprise reform is developing in depth in Xinjiang, there are still a number of problems. The main ones are: Administrative intervention and the random imposition of fees and charges remain very serious; enterprise decisionmaking powers have not yet been completely firmed up in some enterprises, such as the rights of a plant manager to appoint middle-grade administrative cadres and to nominate and hire his deputy; in contracting, there is a tendency to appoint people to posts on the strength of acquaintanceship rather than their fitness for the job; the introduction of the risk mechanism is not yet universal, and most enterprises have not yet practiced collateral contracting. In addition, coordinated reforms within the enterprises have not yet been thoroughly launched; in the majority of enterprises, there has not yet been a breakthrough in focal points of reform such as the employment and distribution systems; in some enterprises the relations between party, administration, and workforce are not smooth, and in certain enterprises the phenomenon of the party organizations monopolizing everything still prevails.

'Rambling Talk' Denounces Independence Advocates
OW2208122788 Beijing in Mandarin to Taiwan
0205 GMT 19 Aug 88

["Rambling Talk on State Affairs" by Liu Yan]

[Excerpts] Dear listeners: As a result of the joint efforts of the Kuomintang and the Communist Party, actively supported by us descendants of the Yan and Huang Emperors at home and abroad, the tension between the two sides of the Taiwan Strait has been easing daily; and the strait, no longer shrouded in gun smoke, has become a peaceful sea channel. [passage omitted]

The overall situation on both sides of the strait has become more and more favorable for the realization of the great cause of peaceful reunification of the motherland. In spite of this, however, we cannot help but notice that so-called Taiwan independence activities are being deliberately carried out by a very small number of people on Taiwan. They openly advocate the fallacy that Taiwan should become independent, that the people have the freedom to call for independence, and that Taiwan residents should exercise self-determination. These actions by a very small number of people who advocate independence for Taiwan are an adverse current and should naturally be criticized by our compatriots at home and abroad, because no patriotic Chinese who maintains a proper stand on this issue can tolerate it.

How should we deal with these cries and actions for Taiwan independence then? Perhaps you have been thinking about it also and have been looking for an answer. Let me tell you now what my views are on this question, and you are welcome to offer criticism and advice.

First, I think we should carry forward the spirit of patriotism and firmly resist and criticize appeals of all kinds for Taiwan independence. [passage omitted] Calling for Taiwan independence is a direct act aimed at splitting the country and harming the nation's interests. It is diametrically opposed to patriotism. [passage omitted]

Second, in my view, in order to counter the idea of Taiwan independence, the compatriots on both sides of the strait must promote a common understanding and be keenly aware of the essence of Taiwan independence and its adverse effects. Since the advocates of Taiwan independence claim that they are defending freedom of speech and that their idea reflects the wish of the people on Taiwan, they have been able to deceive other people to some extent. As a result, some naive young people have been hoodwinked by them. This is why we must see them for what they really are and analyze the adverse effects of their acts.

The Taiwan independence advocates claim that they represent the wish of the Taiwanese people. This is a fabrication created out of thin air. Can we find any place in the world where the people wish their country to be split and desire to undermine national unity?

Take the ad hoc meeting of the Democratic Progressive Party (DPP) congress held in April, for example. When someone proposed to include in the party constitution the passage that the people have the freedom to advocate Taiwan's independence, more than 100 delegates immediately walked out of the meeting. Many at the meeting resented the speeches which advocated Taiwan independence. [passage omitted]

This only shows how people in the DPP itself reacted to the call, not to mention all the people in Taiwan and the compatriots at home and abroad as a whole. We need only to read some Taiwan newspapers to find out how Chinese scholars at home and abroad reacted to the DPP's proposal for Taiwan independence and see that the claim made by Taiwan independence advocates that they represent the wish of the people is an assertion made only to deceive themselves as well as others. [passage omitted]

We can be sure that, even if the Taiwan independence advocates really succeed in what they want, it would be impossible for Taiwan to assert real independence in the world. This is because there are always people in the world who resort to Taiwan independence schemes in an attempt to take over Taiwan. Should Taiwan really become separated from the mainland and lose the backing of the 1 billion compatriots with which it is united, Taiwan will once again be relegated to being merely an appendage of a foreign country and the people on Taiwan will once again live a life of suffering and shame as second-class citizens. What kind of independence will there be for the people of Taiwan, and how will their interests be served?

Thus in essence, the Taiwan independence advocates are engaging in a split. Their call for Taiwan independence is extremely harmful. It not only seriously endangers the reunification of the motherland but also deepens the rift and confusion inside Taiwan, thereby opening the door for foreigners to take advantage of the situation and jeopardize Taiwan's security. [passage omitted]

When he received 15 newly elected National Assemblymen on 18 May, Mr. Li Denghui [Li Teng-hui] pointed out emphatically that there is no valid argument for Taiwan independence and that no one should support it. I think that this statement is correct and deserves our serious attention. What do you think, friends?

Listener friends, we have briefly reviewed the harmfulness of the idea of Taiwan independence. To resolve the question of Taiwan independence once and for all, it is necessary to realize the reunification of Taiwan with the mainland at an early date. Compatriots on both sides of

the strait should have a sense of urgency for reunification. The question of peaceful reunification of the motherland has always been the focus of concern and discussion for people on both sides of the strait.

Premier Li Peng, in his Government Work Report to the Seventh NPC, pointed out: The question of the early reunification of Taiwan with the mainland now stands out very prominently before the Chinese people. Mr. Li Denghui also said: The future of Taiwan will be bright only when it is reunited with the mainland. Only by reunifying can we smash the dream of the advocates of Taiwan independence and stabilize Taiwan's position. Deng Xiaoping said: As long as Taiwan avoids reuniting with the mainland, Taiwan's position as China's territory will remain unstable. No one knows when it will be taken away once again by others.

The government of the motherland has long put forth the concept of one country, two systems and peaceful reunification of the motherland. I think, given the current international situation, as well as the daily developing relations between the two sides of the strait, the question of Taiwan's reunification with the mainland has become a more pressing one. Taiwan's separation from the mainland must not be prolonged. All Chinese concerned about Taiwan affairs and its future should have a sense of urgency and strive actively for interchanges between the two sides of the strait and the unification of the country. [passage omitted]

Senior KMT Member Hopes To Meet Deng Xiaoping
HK2308050888 Hong Kong TA KUNG PAO
in Chinese 23 Aug 88 p 1

[Report: "Taiwan's Chen Li-fu Expresses Willingness To Meet Deng Xiaoping, but Points Out That the 'Three No's' Policy Prevents Him From 'Going Out'"]

[Text] Reports from Taiwan said Chen Li-fu, KMT [Kuomintang] senior politician and member of the KMT Central Advisory Committee, declared recently that he would like to visit Mainland China to meet Deng Xiaoping, and that he hoped to "see the reunification of China before his death."

According to a CHUNG KUO SHIH PAO [CHINA TIMES] report dated 22 August, during a 20 August meeting with a group of representatives of the "China Reunification Alliance," Chen Li-fu noted: If the reunification of China can be accomplished through cooperation between the two sides of the Taiwan Strait, then China will certainly occupy a stronger position and exert immeasurable influence in the world.

The same newspaper also reported that during a recent interview with the LIEN HO PAO TAO [UNITED REPORTS] magazine, the 89 year-old Chen Li-fu declared frankly that if CPC leader Deng Xiaoping invited him to discuss "how to reunify China through

promotion of Chinese culture," he would surely accept the invitation. But "it is alleged that this statement has been seriously denied by Chen Li-fu's secretary and his family."

The report by CHUNG KUO SHIH PAO said: At the 20 August meeting with "China Reunification Alliance" representatives, Chen Li-fu specially presented them a copy of LIEN HO PAO TAO. Because Chen took particular care in proofreading the magazine's report on his willingness to talk with Deng Xiaoping, and he pointed out a couple of misprints, then presented a copy of the magazine to the guests for reference, it seemed that he did not deny his willingness to meet with Deng Xiaoping but, instead, admitted that the report had reflected his view. But Chen added that the "Three No's" policy is preventing him from "going out."

The report also said: Before the end of the meeting, Chen Li-fu, with emotion, specially told the representatives of the "China Reunification Alliance" that he had worked for the unification of China all his life and he sincerely wished to see a reunified China before his death.

According to another report by CHUNG KUO SHIH PAO, when addressing a forum sponsored by the "Self-Strengthening Through Unity Association" on 21 August, Chao Chun-shan, director of the East Asia Research Institute of National Cheng Chi University, pointed out: The reunification of China is not a bargaining counter for the Chinese rulers but a serious issue concerning the well-being of the people on both sides of the Taiwan Strait. Therefore, the solution to this issue needs not only "Taiwan experience" but also "mainland experience," and the policy of "no contact" will get the country absolutely nowhere. Chao also held that "both the KMT and the CPC must play key roles on the issue of reunification," and "contact between the two sides of the Taiwan Strait, at the governmental or nongovernmental level, will be inevitable."

Assemblyman, Former Mayor Arrive in Beijing
OW2208105788 Beijing XINHUA Domestic Service
in Chinese 0540 GMT 20 Aug 88

[Text] Beijing, 20 Aug (XINHUA)—Wang Zhaochuan, former member of Taiwan's "National Assembly" and currently a "provincial assemblyman," and Shi Xingzhong, former "mayor of Xinzhu City," flew to Beijing from Tokyo on 19 August.

They made the trip to observe mainland affairs. They will call on fellow Taiwan residents living on the mainland and are scheduled to visit Luoyang, Zhengzhou, Shanghai, and the Shaolin Temple.

They were met at the airport by Guo Pingtan, vice president of the All-China Federation of Taiwan Compatriots, and Zhang Chunnan, member of the Standing Committee of the CPPCC National Committee.

XINHUA Discusses Mainland Task Force
*OW2208112188 Beijing XINHUA Domestic Service
in Chinese 1350 GMT 19 Aug 88*

[Text] Hong Kong, 19 Aug (XINHUA)—Reports from Taipei reveal that Taiwan's "Executive Yuan" on 18 August formed a "mainland task force" to coordinate and handle mainland affairs among various "ministries and commissions."

The "mainland task force" is composed of 17 to 19 members, 1 convenor and 2 deputy convenors. These personnel will be appointed by the "premier." Cultural, educational and press, economic, trade and communications, interior, justice, executive, and research bodies will be included in the "force". Each group will have four or five staff members. Some experts and scholars will be hired to do the research work.

Taiwan's "Vice Premier" Shih Chi-yang held the first meeting of the "mainland task force" on 18 August. He said at the meeting that in order to implement the KMT's [Kuomintang's] current mainland policy, the "conference" must work in close coordination with the KMT "mainland work guiding group" which will be set up soon.

The meeting agreed in principle to dispatch personnel to attend, in the name of a "nongovernmental body," the 22d annual meeting of the International Council of Scientific Unions to be held in Beijing. However, it said that the authorities' "established 'three-no's' policy" remains unchanged, and that government employees are still not permitted to visit the mainland.

Radio Beijing on Contacts Across Taiwan Strait
*OW1908091388 Beijing in Mandarin to Taiwan
0205 GMT 18 Aug 88*

["Rambling Talk on State Affairs" program by Liu Yan]

[Excerpts] Dear Taiwan listeners, how are you? I am Liu Yan. Welcome to the "Rambling Talk on State Affairs" program.

In this program I would like to explore with you the pressing issue of contacts and negotiations between the two sides of the strait. I do not know what you think about it, but I personally feel that contacts and negotiations must be carried out now for the following reasons:

First, due to the increasing contacts in all areas between the two sides of the strait, many issues have cropped up that require units and departments concerned of both sides to establish contact and hold negotiations to arrive at satisfactory solutions. [passage omitted]

Second, as exchanges between the two sides gain momentum, more people across the strait are demanding contacts and negotiations between the Kuomintang [KMT] and the CPC to accomplish the motherland's

peaceful reunification. Contacts and negotiations conform to popular sentiment and opinions and are a very pressing matter. [passage omitted]

The KMT and the CPC, the two big ruling parties on both sides of the strait, are charged with unshirkable important responsibilities on questions related to the country and the nation. Faced with the pressing need for contacts between the two sides, the KMT and the CPC should go along with the sentiment of the Chinese people on both sides and establish contacts and hold negotiations to jointly accomplish the great cause of the motherland's reunification. [passage omitted]

Third, the pressing need for contacts and negotiations between the KMT authorities in Taiwan and the CPC is also obvious if we look at the international environment in which Taiwan finds itself. What kind of international environment is Taiwan in?

1. Taiwan is becoming more isolated internationally. Fewer countries maintain diplomatic relations with Taiwan. Last February, after Uruguay established diplomatic relations with the PRC, only 22 countries in the world still recognize Taiwan. Moreover, some countries are preparing to establish diplomatic relations with the PRC. Therefore, Taiwan's international isolation is becoming a more prominent issue. Is this isolation the result of deliberate efforts by the government on the mainland and the CPC to isolate Taiwan, as claimed by some people among the Taiwan authorities? I do not think so.

In the world today, people clearly consider the PRC the sole legal government representing China. It is an international convention as well as a stand upheld by the two sides of the strait that there is only one China. So it is impossible for the international community to recognize Taiwan's international status. This is a natural thing. I think Taiwan's isolation is the result of its adherence to rigid policies. To return to the international community, the Taiwan authorities should discard the "three no's" policy and, through consultation and dialogue, adopt the ADB [Asian Development Bank], Olympic or other formulas. [passage omitted]

2. Internationally, more countries favor the principle of one China and wish for China's peaceful reunification as well as friendly exchanges across the strait.

For instance, U.S. President Reagan has reaffirmed that a solid foundation of U.S. policy is that there is only one China. Delighted by the new developments in the Taiwan Strait in recent months, he said: The United States welcomes exchanges between the Chinese mainland and Taiwan. He has clearly expressed the wish to promote the environment for exchanges across the strait.

Listeners, do you think President Reagan's attitude represents the attitude of many countries on the question of China's reunification? President Reagan's remarks

also show that the Taiwan authorities can no longer rely on the United States for limited security. The only way out of international isolation for the Taiwan authorities is to establish contacts and conduct negotiations across the strait so Taiwan can share the glory and interests of a reunified country.

Report on Taiwan Activities in Spratly Islands
HK2308031988 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1425 GMT 22 Aug 88

[Report: "Taiwan Navy Recently Sent a Task Force To Cruise the Nansha Islands"]

[Text] Hong Kong, 22 Aug (ZHONGGUO TONGXUN SHE)—According to Taipei sources: Newspapers here revealed today, that a Taiwan task force has recently successfully completed its mission to the Nansha [Spratly] Islands.

The said fleet was composed of warships No 915, 927, and the like. During its long-distance navigation the fleet conducted a surface hunt-and-attack military maneuver entitled "Dingyuan Maneuver" in the Bashi Channel, in which they made use of simulated antiaircraft, antisubmarine, and surface warfare to practice relevant offensive and defensive tactical measures.

The Taiwan authorities have troops stationed on Taiping Island, the largest of the Nansha Islands. When the task force cruised to the island, the garrison expressed their determination to guard the southern frontier of their motherland. The newspapers express the belief that the cruise is of considerable significance at a time when the situation in the Nansha Islands area is undergoing constant change.

Mainland Commercial Arbitration Organ Meets
HK2108064488 Hong Kong ZHONGGUO TONGXUN
SHE in Chinese 1437 GMT 20 Aug 88

[Report: "Arbitration Organ of Both Sides of Strait Discusses Cooperation Issues in Hong Kong"]

[Text] Hong Kong 20 Aug (ZHONGGUO TONGXUN SHE)—Responsible persons of commercial arbitration organs of both sides of the strait have initially explored issues on cooperation in Hong Kong today.

Director general of the Taiwan Commercial Arbitration Association, Huang Mian-mian [7806 4875 4875]; its secretary general, Kao Hui-min [7559 1920 3046]; and deputy secretary general, Wang Chih-hsing [3769 1807 5281]; together with representatives from the mainland; vice chairman of China Foreign Economic Relations and Trade Arbitration Committee, Liu Shaoshan [0491 4801 1472]; its members Liu Gushu [2692 6253 2579] and Dong Yougan [5516 2589 3227]; and representative stationed in Hong Kong Liu Xhengxiong [0491 2110 7160], attended the "Seminar on Commercial Arbitration between the Two Sides of the Strait" sponsored by

the Society for Promotion of Hong Kong-Taiwan Trade this morning. In his opening speech, society President Ting Kai-en [0002 2818 1869] said that statistics show that volume of indirect trade between the two shores was \$1.8 billion between January and July this year. He calculated that the trade volume between the two shores would exceed \$3.5 billion this year. However, he pointed out that it is regrettable that as yet an effective legal basis and channel of arbitration to protect the rights and interests of the two sides are not on the horizon.

Liu Shaoshan, vice chairman of China Foreign Economic Relations and Trade Arbitration Committee, stated that his committee sent a telegram to the Taiwan Commercial Arbitration Association and personalities of Taiwan's arbitration circles on 2 August this year, proposing contacts between arbitration organs of the two shores. He did not expect to meet the top leader of Taiwan's arbitration circles so soon. He hoped that the two sides would get together, deepen their understanding, and establish a channel of contacts, then unfold arbitration as early as possible on the basis of mutual understanding and trust. Director General Huang Mian-mian said that it is hoped that the seminar today will yield positive results, and he will be only too glad to render services in this matter in the future.

Through pleasant and harmonious discussion, the representatives of the two sides shared the following views:

1. The importance of commercial arbitration between the two shores is affirmed;
2. The exchange of relevant arbitration regulations and clauses as well as relevant data will be strengthened through the Society for Promotion of Hong Kong-Taiwan Trade;
3. It is necessary to explore and study the possibility of setting up, in a third region, an arbitration organization or channel recognized by judicial organs of both sides.

Shanghai Increases Copyright Trade With Taiwan
OW2008114388 Beijing XINHUA Domestic Service
in Chinese 2302 GMT 19 Aug 88

[By correspondent Wang Weiwei]

[Text] Shanghai, 20 Aug (XINHUA)—Copyright trade activities between Shanghai and Taiwan publishing circles are increasing every day. Since December 1987, 6 Shanghai publishing houses and 7 Taiwan counterparts have initialed 19 letters of intent and contracts for joint publication of 54 titles.

The Taiwan Art Books Company has purchased the right to publish "ABCs of Chinese Painting Methods and Techniques," which was published jointly by the Shanghai Book Publishing House and Hong Kong Wanli Bookstore. When this collection of books was published in Taiwan in January this year, it attracted the attention

of the public and the media. The collection was approved by the Taiwan "Government Information Office" in accordance with the "Regulations Concerning the Examination of Mainland Publications." It represented the first set of mainland art books ever legally published in Taiwan.

The 19 letters of intent and contracts already initialed involve reference books, literary and art works, and children's books. Among the relatively more important books, for which contracts have been formally signed, are "100,000 Why's," "Selected Works of 60 Years of Ba Jin's Writing Career," and "SHEN BAO" (photocopy edition).

Station Revamps Programs Broadcast to Taiwan
HK2208122288 Beijing ZHONGGUO XINWEN
SHE in Chinese 0830 GMT 22 Aug 88

[Report: "The Central People's Broadcasting Station Readjusts Its Programs Broadcast to Taiwan"]

[Text] Beijing, 22 Aug (ZHONGGUO XINWEN SHE)—To conform with the great changes in the situation on the two sides of the Taiwan Strait and to meet the demand of the listeners, the Central People's Broadcasting Station will fully readjust the programs it broadcasts

to Taiwan. It will provide the audience in Taiwan with such services as investment guidance, economic and trade advice, industrial and commercial information, and so on.

The newly readjusted programs will be broadcast starting 11 September. The new programs in Putonghua will include "Motherland Today," "Informal Discussion on Current Affair," "Economic Information," and so on. The new literate and art program is "The Voice of Music." The following programs will be expanded: "Service Station in the Air," "Friends in the Air," "The World of Sports," "Broadcasting in the Mingnan Dialect," "Hakka Villagers," "Traditional Operas," and so on.

News programs will give the Taiwan audience more information, and report matters with which Taiwan compatriots are concerned. "Service Station on the Air" will be expanded to become a comprehensive service program whose contents will include investment guidance; economic and trade advice, industrial and commercial information, seeking relatives, medical treatment and knowledge on medicines, exchanges between the two sides of the strait, and so on. The new programs will provide people in various circles in Taiwan with various kinds of practical services.

Traders Urged To Explore Iran, Iraq Markets
*OW2308050888 Taipei CNA in English 0252 GMT
23 Aug 88*

[Text] Taipei, Aug. 23 (CNA)—Manufacturers and traders in the Republic of China [ROC] are encouraged to explore Iranian and Iraqi markets now that the two war-ravaged nations will begin to reconstruct their countries with the implementation of a cease-fire agreement, a trade official said Monday.

The official said both Iran and Iraq will spend billions of dollars in their reconstruction following their eight years of conflict. The two Middle Eastern countries possess potentially rich markets, he said.

Trade organizations in Japan, Australia and Europe have already dispatched experts to the war-torn area to lay the groundwork for late trade, he said. [sentence as received] The official called on local enterprises to closely watch these new developments.

Economics Official Notes Ties With South Africa
*OW2308050488 Taipei CNA in English 0247 GMT
23 Aug 88*

[Text] Taipei, Aug. 23 (CNA)—The Republic of China [ROC] and [Republic of] South Africa [RSA] still have many opportunities for mutual cooperation, as both nations are anti-communist and have complementary economies, ROC Vice Economics Minister Li Mo said here Monday.

Speaking at the third joint meeting of the ROC-RSA Economic Council and the RSA-ROC Chamber of Economic Relations, Li pointed to science and technology as probably the best areas for further cooperation. The ROC and South Africa complement each other in that the former can provide the technology needed for industrial development while the latter has abundant agricultural and industrial raw materials, he said.

Trade between the two nations has grown by leaps and bounds during the past nine years, with accelerating growth seen in recent years. Two-way trade has increased from U.S. \$355 million in 1985 to U.S. \$911 million in 1987, Li pointed out. Further close cooperation is expected between the two nations, with science and technology being the focus, he added.

The joint meeting was attended by some 40 ROC delegates and 27 South African delegates. Discussions Monday [22 August] centered on bilateral trade and the transfer of technology. The two delegations will hold seminars in Taipei and Taichung Tuesday and Wednesday to explain South Africa's investment climate to local industrialists.

Mainland Policy Task Force Holds First Meeting
*OW2208135288 Taipei International Service
in English 0200 GMT 21 Aug 88*

[Station commentary: "Mainland Policy Task Force Makes First Move"]

[Text] The cabinet-level Mainland Chinese affairs task force met for the first time on Thursday [18 August]. As its first order of business, it gave the go ahead to a private delegation of scientists to attend an international scientific meeting being held in Peking next month. According to the task force's decision, which requires the premier's approval, scientists who do not hold government posts may attend the 22nd Annual Conference of the International Council of Scientific Unions in Peking. It will mark the first time a scholarly group will visit the mainland of China.

The decision adds another category of persons permitted to visit the mainland. Since November last year, Taiwan Chinese have been allowed to visit relatives on the mainland. That was the first breakthrough in Taiwan-mainland people-to-people contacts in almost 40 years. More than 100,000 Taiwan Chinese have taken advantage of the travel liberalization, and have had tearful reunions with families and friends.

Premier Yu is expected to approve the task force's decision. He has promised that although the policy of having no official contacts, no negotiations, and making no compromises with Peking remains unchanged, the government would nevertheless endeavor to make it as convenient as possible for people on Taiwan to carry out people-to-people exchanges with the mainland.

The contacts are still one-way; to date, mainlanders have not been permitted into Taiwan for any occasion. This policy is also under the review of the mainland affairs task force.

The decision to allow the scientists to attend the Peking conference was based on pragmatic concerns. Taipei was warned that it may face censure by the International Union if it failed to attend an annual conference for political reasons. To avoid that controversy, and perhaps to test the waters of expanded unofficial contacts, the task force, after having been lobbied by influential scientists and scholars on Taiwan, reached the expected decision.

Meanwhile, the mainland affairs task force also passed a resolution by its members calling on them to meet at least once a month to review mainland policy. The chief task will be to keep tabs on the progress of the current level and amount of contacts with the mainland, and then deciding when and how far to move on expanded contacts. The task force also reiterated that it will handle events such as the scientific meeting on a case-by-case basis, instead of adopting a wide open policy allowing such contacts across the board.

The task force is composed of 17 members, including all ministry heads, and other cabinet-level heads of bureaus and commissions.

At next month's meeting, the task force will study a new proposal from the Government Information Office to allow print and media journalists from Taiwan to work on the mainland. This, too, would represent another major breakthrough in mainland policy. Stay tuned for that decision.

New Chief Economic Planner Chien Sworn In
OW2208232688 Taipei CNA in English 1532 GMT
22 Aug 88

[Text] Taipei, Aug. 22 (CNA)—President Li Teng-hui swore Fredrick F. Chien to office as chairman of the Council of Economic Planning and Development at the Presidential Office Monday.

Chien is formerly representative of the Coordination Council for North American Affairs (CCNAA) in the United States. CCNAA represents the Republic of China's interests in the U.S.

Economic Cooperation With Paraguay To Increase
OW2208233988 Taipei CNA in English 1614 GMT
22 Aug 88

[Text] Taipei, Aug. 22 (CNA)—The Republic of China and Paraguay have arrived at a series of agreements on trade, industrial investment, and agricultural technological cooperation, Economics Minister Chen Li-an said Monday [22 August].

Chen told a local press conference that the agreements were reached at the recently-concluded second Sino-Paraguayan Economic Cooperation Conference which was held in Asuncion Aug. 16-19.

Chen said that the Republic of China [ROC] will help Paraguay's economic development by sharing its economic development experience.

Major agreements reached between the two nations called for the ROC to:

- Purchase 80,000 metric tons of soybeans and 35,000 bales of cotton from Paraguay;
- increase imports of leather and coffee from Paraguay;
- import cast iron from Paraguay if prices are competitive;
- help Paraguay establish an export processing zone;
- help Paraguay establish ready-made garment and handicraft industries;
- help Paraguay expand hog and duck raising projects;
- help Paraguay set up a second model agricultural and livestock village in 1989; and
- offering technical assistances to Paraguay's mushroom, sugar cane, pineapple, and sorghum farmers.

Leaders Meet With Solomon Islands Premier
OW2308000288 Taipei CNA in English 1515 GMT
22 Aug 88

[Text] Taipei, Aug. 22 (CNA)—The Republic of China's [ROC's] President Li Teng-hui met with Prime Minister Ezekiel Alebua of the Solomon Islands at the Presidential Office Monday [22 Aug]. President Li extended his warm welcome to Alebua and his entourage and exchanged views with them on strengthening trade and agricultural relations between the two countries.

Prime Minister Alebua is making his fourth visit here. Also present at the meeting were secretary general to the president, Shen Chang-huan, and Foreign Minister Lien Chan.

In the afternoon, ROC Premier Yu Kuo-hua met Alebua and his entourage at the Executive Yuan for an exchange of views on agricultural and piscicultural issues. In view of the marine richness around the Solomon Islands, Yu suggested that the two countries strengthen their fishery cooperation.

A nine-member ROC agricultural technical mission is now stationed in the Solomon Islands to assist the islands' developments. Its contributions have been acclaimed by both the Government and people of the Solomon Islands.

Hong Kong

UK Grants Political Asylum to 2 Chinese Refugees *HK2208150288 Hong Kong AFP in English 1448 GMT 22 Aug 88*

[Text] Hong Kong, Aug 22 (AFP)—Britain granted political asylum to two brothers from China in July, about a week after they entered Hong Kong as illegal immigrants, a local China-watching magazine reported Monday.

"The brothers are now living in a hostel for refugees in London," said a press release issued by EMANCIPATION MONTHLY. Adam Liang Tiesha, a lawyer and college lecturer in his early 30's from central Guangxi Province, had been under house arrest for alleged political activities since January before he fled to Hong Kong with his unidentified younger brother, the release said.

Arriving here on July 6, the brothers claimed political refugee status and "applied to the highest levels of the Hong Kong Government for asylum abroad," the release said. They were granted visas for Britain on July 14 and left here the next day, it added.

"We have no knowledge about the affair," a Hong Kong Government spokesman said Monday. A similar response came from a senior official of the NEW CHINA NEWS AGENCY's local branch, seen as Beijing's defacto consulate here.

Government sources here said the case, if it were true, would not be the first of its kind as several political refugees from China have been granted asylum in Britain via Hong Kong in the past decade.

Under an existing Sino-Hong Kong agreement, all illegal immigrants from China caught sneaking into this British colony face immediate repatriation to the mainland.

EMANCIPATION MONTHLY carried in its latest edition the first part of what it claimed to be the first-person account by Mr Liang of his "sufferings" in his hometown of Guilin. According to the report, Mr Liang, who had worked at Guangxi Normal College in Guilin, said he had been "persecuted" by the authorities for giving legal advice to dissident students who staged a street protest in Guilin in January, and for writing letters of support to student activists in Beijing.

Inquiry Into Refugee Maltreatment Called For *HK2308013388 Hong Kong SOUTH CHINA MORNING POST in English 23 Aug 88 pp 1, 2*

[By Agnes Lam and Simon Macklin]

[Text] Voluntary agencies and Legislative Councillors yesterday called for an independent inquiry into allegations that Vietnamese boat people had been beaten and

clubbed by Correctional Services Department (CSD) officers at the Hei Ling Chau Detention Centre. But Government officials denied the allegations that about 100 Vietnamese boat people had been assaulted by the CSD officers although they admitted an inquiry into the incident had yet to be completed.

A spokesman for the office of the United Nations High Commissioner for Refugees (UNHCR) in Geneva yesterday called for the Hong Kong Government to set up an inquiry into the incident said to have taken place last month.

"The High Commissioner has instructed the Hong Kong office to request the Hong Kong authorities to set up an independent inquiry into the incident," the spokesman said.

The director of the Oxfam relief agency, Mr Chris Bale, yesterday accused the Government of organising a cover up of the allegations that there had been assaults on the boat people at the detention centre.

"It's been over a month since the beatings allegedly took place and this is the first time we have heard of it. Obviously officials have been trying to cover it up," Mr Bale said.

"It doesn't seem adequate for the Correctional Services Department to conduct their own investigation—after all they are alleged to have administered these beatings," he said.

Oxfam would back the UNHCR's call for a judicial review into the incident, Mr Bale said. And he backed the UNHCR's call for the Government to allow independent observers access to the detention centres in order to inspect the conditions.

Legislative Councillors yesterday said a detailed, objective and open investigation into the incident was required.

However, the Government's Refugee Coordinator, Mr Michael Hanson, said that when the CSD had completed the inquiry into the allegations against its own officers, the Government would judge whether a further independent inquiry was necessary.

Vietnamese boat people interviewed by the UNHCR have claimed they were assaulted by CSD officers following a disturbance at the Hei Ling Chau detention centre on July 19. The boat people claimed they were forced to walk between two lines of CSD officers who beat them with turncheons before they were isolated from other Vietnamese boat people and taken to the Lai Chi Kok Reception Centre.

Deputy Secretary for Security Robert Upton yesterday met UNHCR representatives but said he did not discuss the alleged beatings. He said the Government's own internal inquiry into the incident was initially being carried out by the CSD.

The deputy charge de mission of the UNHCR, Miss Anne Dawson Shepherd, refused to comment when she emerged from the meeting with Mr Upton and Mr Hanson.

Mr Hanson, however, denied there was any evidence to support the allegations of brutality by CSD officers. He said a CSD report into the incident was expected to be available within two weeks.

Mr Hanson insisted there was nothing to support the allegations made by UNHCR. He said there had been no need for independent doctors to examine the boat people moved to Lai Chi Kok.

Government doctors from the Medical and Health Department acting under the management of the CSD had carried out their own examinations, Mr Hanson said.

The beatings are alleged to have taken place after the CSD's crack Tactical Response Squad armed with tear-gas and anti-riot equipment were deployed at Hei Ling Chau on the evening of July 18. Tactical Response Squads carry video cameras as part of their standard equipment and it is thought the relevant video cassette could provide valuable evidence of what took place at Hei Ling Chau.

The CSD officers are alleged the next morning to have beaten a group of 106 Vietnamese males who had been singled out as the ring leaders of the previous night's disturbances. The group was then transferred to the Lai Chi Kok Reception Centre where they have been held pending the results of the CSD inquiry.

Legislative Councillor Hu Yin-fat said that now the CSD had said it would complete its investigation in two weeks, it was of paramount importance for the Government to make public the results.

"Despite the fact that the Vietnamese boat people are causing much trouble to Hong Kong, we must treat them decently. Any undue violence and force should not be used," said Mr Hu, who is a member of the committee concerned with refugee matters.

Another member of the committee, Mr Hilton Cheong-leen, said: "Top level Government officials should look into the matter and give a statement to clear the mist as soon as possible.

"If the beatings were true, I think the CSD should carry out disciplinary actions against those officers in charge," he said.

And Dr Ho Kam-fat said: "If the Government intends to bury the result of the investigation, I would suspect it is trying to cover up any malpractices of its officers."

A welfare agency worker said the claims of beatings came as no surprise to him because similar complaints have been made by Vietnamese refugees in the past. The worker said: "When the Government announced that voluntary agencies would be denied entry to the detention centres, our instant response was they don't want to let us see what's going on in the centres.

"I don't think the CSD has a routine policy to abuse the boat people, but the department has become too defensive to protect all its staff, even those bad apples," he said. The worker believed that some outsiders should be appointed to investigate the complaints. "Who knows whether CSD will be impartial in the inquiry", he said.

Colonel Lim Ah-ang, of the Salvation Army said it was time for the Government to relax its policy and allow voluntary agencies to provide services in the detention centres.

"If we could be observers, we can help to relieve the tense situation. It is understandable that the boat people are under much stress so there must be some experienced people to help them," said Colonel Lim.

The locally based human rights organisation, Justice, has also written to the Government asking for Clarification of the status of the boat people who are being kept in Lai Chi Kok, but have not been charged. Justice has already raised the issue with officials from the Security Branch.

PRC Adviser Optimistic on Suffrage After 1997
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in English 23 Aug 88 p 2

[By Kathy Chan]

[Text] A veteran adviser to the Chinese government is optimistic that Beijing will endorse one-man-one-vote elections after 1997 but will not accept the "through-train" concept for the first post-1997 Hong Kong government. But Mr Tsui Sze-man, publisher of the *MIR-ROR* magazine and a member of the Chinese People's Political Consultative Conference (CPPCC) said yesterday he wasn't for universal suffrage before July 1997.

"It will mean too many changes to the existing political system if the legislature is elected by one-man-one-vote before China resumed sovereignty over Hong Kong," Mr Tsui said. He said Beijing was unlikely to accept drastic changes to Hong Kong's political structure before 1997. However, he was confident the Chinese government would allow the chief executive and legislature of the Hong Kong Special Administrative Region (HKSAR) to be elected through universal suffrage within three to five years after 1997.

"China's move towards democracy is irreversible. Therefore, I believe every Hong Kong resident will have a good chance to participate in the selection of their chief executive and legislators under the communist regime," Mr Tsui said.

His support for the one-man-one-vote system came as a surprise to observers because he was among the first to advocate the concept of the grand electoral college.

The influential businessmen and industrialists group in the BLCC [Basic Law Consultative Committee], whose membership has recently increased to 85, suggested the grand electoral college would be responsible for the selection of the chief executive and one quarter of the legislators of the SAR.

"I still think the grand electoral college concept is workable in the formation of governments before 1997 including the first SAR government," Mr Tsui said.

"I have changed my mind since the 13th party congress of the Chinese Communist Party late last year that universal suffrage would do Hong Kong more good than a grand electoral college after 1997," he said.

Mr Tsui said as China was introducing an election system which would allow more candidates to vie for the number of seats in both the party and the National People's Congress, he was confident Hong Kong would benefit in the direction towards democracy.

"It is obvious the one-man-one-vote system will give more and better opportunities to the people to Hong Kong in selecting their future chief executive which, in return, will guarantee a more democratic and responsible government than the grand electoral college," he said. Mr Tsui said elections through the grand electoral college were more suitable for the formation of the legislature during the transition period as it would not bring about major changes to the existing system.

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